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## **STARHUB LTD**

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### **Announcement of Unaudited Results for the Third Quarter and Nine Months ended 30 September 2013**

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StarHub is pleased to announce our unaudited results for the third quarter and nine months ended 30 September 2013.

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**Results for the Third Quarter and Nine Months ended 30 September 2013**


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**1. GROUP INCOME AND COMPREHENSIVE INCOME STATEMENTS****1.1 GROUP INCOME STATEMENT**

	Quarter ended 30 Sep				Nine months ended 30 Sep			
	2013 S\$m	2012 S\$m	Incr/ (Decr) S\$m	%	2013 S\$m	2012 S\$m	Incr/ (Decr) S\$m	%
Operating revenue	578.8	585.9	(7.1)	(1.2)	1,745.7	1,767.5	(21.9)	(1.2)
Operating expenses	(470.7)	(473.9)	(3.2)	(0.7)	(1,424.3)	(1,448.9)	(24.6)	(1.7)
Other income	11.1	8.5	2.6	30.3	36.7	21.7	14.9	68.7
<b>Profit from operations</b>	<b>119.2</b>	<b>120.5</b>	<b>(1.3)</b>	<b>(1.1)</b>	<b>358.1</b>	<b>340.4</b>	<b>17.6</b>	<b>5.2</b>
Finance income	0.8	1.2	(0.4)	(33.0)	2.1	3.3	(1.2)	(37.2)
Finance expenses <sup>(1)</sup>	(4.7)	(4.8)	(0.1)	(2.1)	(14.1)	(14.6)	(0.5)	(3.3)
<b>Profit before taxation</b>	<b>115.3</b>	<b>116.9</b>	<b>(1.6)</b>	<b>(1.4)</b>	<b>346.0</b>	<b>329.1</b>	<b>16.9</b>	<b>5.1</b>
Taxation	(20.0)	(20.7)	(0.7)	(3.4)	(58.9)	(57.7)	1.2	2.1
<b>Profit for the period</b>	<b>95.3</b>	<b>96.2</b>	<b>(0.9)</b>	<b>(1.0)</b>	<b>287.1</b>	<b>271.4</b>	<b>15.6</b>	<b>5.8</b>
Attributable to:								
Equity holders of the Company	95.3	96.2	(0.9)	(1.0)	287.1	271.4	15.6	5.8
	<b>95.3</b>	<b>96.2</b>	<b>(0.9)</b>	<b>(1.0)</b>	<b>287.1</b>	<b>271.4</b>	<b>15.6</b>	<b>5.8</b>
<b>EBITDA</b>	<b>186.9</b>	<b>188.1</b>	<b>(1.2)</b>	<b>(0.6)</b>	<b>560.4</b>	<b>544.0</b>	<b>16.4</b>	<b>3.0</b>
<b>EBITDA as a % of service revenue</b>	<b>33.6%</b>	<b>33.9%</b>	<b>-0.3 %pts</b>		<b>33.7%</b>	<b>32.7%</b>	<b>1 %pts</b>	
<b>Free Cash Flow <sup>(2)</sup></b>	<b>119.7</b>	<b>151.0</b>	<b>(31.3)</b>	<b>(20.8)</b>	<b>276.1</b>	<b>397.8</b>	<b>(121.8)</b>	<b>(30.6)</b>
<i>Profit from operations is arrived after charging the following:</i>								
<i>Allowance for doubtful receivables and bad debts written off</i>	3.6	2.4	1.2	50.8	11.2	10.5	0.7	7.1
<i>Depreciation and amortisation (net of asset grants)</i>	67.7	67.5	0.2	0.2	202.4	203.6	(1.2)	(0.6)

**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 Sep				Nine months ended 30 Sep			
	2013 S\$m	2012 S\$m	Incr/(Decr) S\$m	%	2013 S\$m	2012 S\$m	Incr/(Decr) S\$m	%
<b>Profit for the period</b>	<b>95.3</b>	<b>96.2</b>	<b>(0.9)</b>	<b>(1.0)</b>	<b>287.1</b>	<b>271.4</b>	<b>15.6</b>	<b>5.8</b>
Other comprehensive income								
Translation differences arising on consolidation of foreign subsidiaries	(0.4)	0.1	(0.5)	nm	0.1	0.1	(0.0)	(30.0)
Effective portion of changes in fair value of cash flow hedge	(0.6)	0.8	(1.3)	nm	2.7	(0.8)	3.6	nm
Other comprehensive income for the period (net of taxation)	(1.0)	0.9	(1.8)	nm	2.8	(0.7)	3.5	nm
<b>Total comprehensive income for the period</b>	<b>94.3</b>	<b>97.1</b>	<b>(2.8)</b>	<b>(2.9)</b>	<b>289.9</b>	<b>270.7</b>	<b>19.2</b>	<b>7.1</b>
Attributable to:								
Equity holders of the Company	94.3	97.1	(2.8)	(2.9)	289.9	270.7	19.2	7.1
	<b>94.3</b>	<b>97.1</b>	<b>(2.8)</b>	<b>(2.9)</b>	<b>289.9</b>	<b>270.7</b>	<b>19.2</b>	<b>7.1</b>

nm – Not meaningful

1.3 GROUP PERFORMANCE REVIEW FOR THE PERIOD ENDED 30 SEPTEMBER 2013

(A) Operating revenue

The Group ended 3Q-2013 with operating revenue at S\$578.8 million and year-to-date at S\$1,745.7 million, 1.2% lower compared to the corresponding periods last year. The lower revenue for both periods was due to lower equipment sales revenue.

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

	Quarter ended 30 Sep				Nine months ended 30 Sep			
	2013 S\$m	2012 S\$m	Incr / (Decr) S\$m	%	2013 S\$m	2012 S\$m	Incr / (Decr) S\$m	%
<b>Operating revenue</b>								
Mobile revenue	308.3	303.3	4.9	1.6	924.9	916.1	8.7	1.0
Pay TV revenue	95.5	99.2	(3.7)	(3.7)	285.8	298.6	(12.8)	(4.3)
Broadband revenue	59.6	62.7	(3.1)	(5.0)	183.7	186.5	(2.8)	(1.5)
Fixed Network Services revenue	92.7	89.9	2.8	3.1	271.1	263.0	8.1	3.1
Total service revenue	556.1	555.2	1.0	0.2	1,665.4	1,664.3	1.2	0.1
Sale of equipment	22.7	30.7	(8.1)	(26.3)	80.3	103.3	(23.0)	(22.3)
Total	578.8	585.9	(7.1)	(1.2)	1,745.7	1,767.5	(21.9)	(1.2)

	Quarter ended 30 Sep		Nine months ended 30 Sep	
	2013 Mix %	2012 Mix %	2013 Mix %	2012 Mix %
<b>Operating revenue mix</b>				
Mobile revenue	53.3	51.8	53.0	51.8
Pay TV revenue	16.5	16.9	16.4	16.9
Broadband revenue	10.3	10.7	10.5	10.6
Fixed Network services revenue	16.0	15.4	15.5	14.9
Sale of equipment	3.9	5.2	4.6	5.8
Total	100.0	100.0	100.0	100.0

3Q-2013 service revenue at S\$556.1 million was up 0.2% year-on-year (YoY), primarily driven by higher Mobile services revenue of S\$308.3 million, up 1.6% YoY and Fixed Network services revenue of S\$92.7 million, up 3.1% YoY. This was offset by lower revenue from Pay TV and Broadband services which decreased by 3.7% and 5.0% respectively.

Year-to-date, service revenue was stable at S\$1,665.4 million. Mobile services revenue rose 1.0% to S\$924.9 million largely attributed to higher Post-paid services, and Fixed Network services revenue was up 3.1% YoY to S\$271.1 million driven by revenue increases in both Data & Internet and Voice services. Pay TV services revenue decreased 4.3% YoY to S\$285.8 million, attributed to lower subscription and media advertising revenue, coupled with the absence of UEFA EURO revenue which was included in last year's revenue. Broadband services revenue at S\$183.7 million was 1.5% lower YoY, mainly due to lower subscription revenue resulting from competitive pricing.

We moved fewer handsets to-date compared to last year. Revenue from equipment sales in 3Q-2013 and year-to-date were S\$22.7 million (down 26.3% YoY) and S\$80.3 million (down 22.3% YoY) respectively.

## (B) Operating expenses

	Quarter ended 30 Sep				Nine months ended 30 Sep			
	2013 S\$m	2012 S\$m	Incr / (Decr) S\$m	%	2013 S\$m	2012 S\$m	Incr / (Decr) S\$m	%
<b>Operating expenses</b>								
Cost of sales	217.4	223.9	(6.5)	(2.9)	672.6	704.0	(31.4)	(4.5)
Other operating expenses	253.2	249.9	3.3	1.3	751.7	744.9	6.8	0.9
Total	470.7	473.9	(3.2)	(0.7)	1,424.3	1,448.9	(24.6)	(1.7)

Operating expenses trended downwards by 0.7% and 1.7% for the quarter and year-to-date respectively compared to prior year. Reduction in cost of sales were partially offset by an increase in other operating expenses.

As a percentage of operating revenue, total operating expenses rose 0.4% point to 81.3% for the current quarter compared to 80.9% in 3Q-2012, but was lower at 81.6% for the nine-month period compared to 82.0% for year-to-date 2012.

Details of total operating expenses are as follows:

**(i) Cost of sales**

	Quarter ended 30 Sep				Nine months ended 30 Sep			
	2013	2012	Incr / (Decr)		2013	2012	Incr / (Decr)	
<b>Cost of sales</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 equipment sold	75.1	85.4	(10.3)	(12.1)	246.5	274.7	(28.2)	(10.3)
Cost of services	92.9	82.3	10.6	12.8	271.5	252.9	18.7	7.4
Traffic expenses	49.5	56.2	(6.7)	(12.0)	154.5	176.4	(21.9)	(12.4)
<b>Total</b>	<b>217.4</b>	<b>223.9</b>	<b>(6.5)</b>	<b>(2.9)</b>	<b>672.6</b>	<b>704.0</b>	<b>(31.4)</b>	<b>(4.5)</b>

Cost of sales for the quarter was S\$6.5 million lower YoY at S\$217.4 million, and for the nine-month period, decreased S\$31.4 million to S\$672.6 million. The lower cost of sales was due to lower cost of equipment sold and traffic expenses, offset by higher cost of services. As a percentage of operating revenue, cost of sales was lower at 37.6% for the quarter and 38.5% for year-to-date, down from 38.2% and 39.8% in the corresponding periods last year.

For the quarter and nine-month periods, handsets sold were of the mid to high-end range, which were costlier. This was mitigated by the lower quantities of handsets sold this year which led to cost of equipment sold decreasing 12.1% YoY to S\$75.1 million for the quarter, and for the nine-month period, was 10.3% lower at S\$246.5 million when compared to S\$274.7 million last year.

We continue to experience rising TV content and programming costs for new and renewed contracts, as well as increased cost of services for our Next Gen NBN services. As such, this quarter's cost of services were S\$10.6 million or 12.8% higher YoY at S\$92.9 million, and year-to-date, increased 7.4% to S\$271.5 million.

Compared to 3Q-2012, traffic expenses for the quarter reduced by 12.0% to S\$49.5 million, and for the nine-month period, was 12.4% lower at S\$154.5 million. This was due to lower traffic volumes for inter-operator SMS and international outbound, coupled with lower international traffic settlement rates.

**(ii) Other operating expenses**

	Quarter ended 30 Sep				Nine months ended 30 Sep			
	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	69.8	67.2	2.6	3.9	206.7	202.5	4.1	2.0
Operating leases	31.2	32.7	(1.5)	(4.6)	96.4	99.8	(3.4)	(3.4)
Marketing and promotions	38.9	36.8	2.1	5.6	113.8	109.0	4.8	4.4
Allowance for doubtful receivables	3.6	2.4	1.2	50.8	11.2	10.5	0.7	7.1
Repair and maintenance	20.4	16.5	3.9	23.9	55.8	47.9	7.8	16.3
Other expenses	21.6	26.8	(5.2)	(19.3)	65.5	71.6	(6.1)	(8.5)
Sub total	185.5	182.4	3.1	1.7	549.4	541.3	8.0	1.5
Depreciation and amortisation (net of asset grants)	67.7	67.5	0.2	0.2	202.4	203.6	(1.2)	(0.6)
Total	253.2	249.9	3.3	1.3	751.7	744.9	6.8	0.9

Total other operating expenses for the quarter increased 1.3% to S\$253.2 million when compared to 3Q-2012, with higher staff costs, marketing and promotions, allowance for doubtful receivables and repair and maintenance. This was mitigated by lower operating leases and other expenses.

For the nine-month period, other operating expenses were 0.9% higher YoY at S\$751.7 million. The increase was attributable to higher staff costs, marketing and promotions and repair and maintenance, which was mitigated by lower operating leases, other expenses and depreciation and amortisation.

As a percentage of operating revenue, other operating expenses ratio rose from 42.7% in 3Q-2012 to 43.8% in 3Q-2013, and for the nine-month period, was higher at 43.1% this year when compared to 42.1% same period last year.

Analysis of major variances is provided below:

Staff costs

YoY, staff costs increased 3.9% to S\$69.8 million for the quarter and up 2.0% to S\$206.7 million for year-to-date due to annual salary increment in July.

Operating leases

Operating leases decreased 4.6% to S\$31.2 million in 3Q-2013 and was 3.4% lower at S\$96.4 million for the nine-month period. This was due to lower international lease capacity costs.

Marketing and promotions

Compared to the corresponding periods last year, marketing and promotion expenses were higher by 5.6% to S\$38.9 million in 3Q-2013 and were up 4.4% to S\$113.8 million for the year-to-date period. The higher expenses were mainly driven by increased product launches and customer segments' marketing campaigns.

Allowance for doubtful receivables

Allowance for doubtful receivables was S\$1.2 million higher at S\$3.6 million this quarter and for the nine-month period was S\$0.7 million higher YoY at S\$11.2 million. As a ratio of service

revenue, provision for doubtful receivables ratio was 0.7% in the current periods compared to 0.6% in last year's year-to-date.

Repair and maintenance

For the quarter and nine-month periods, repair and maintenance was 23.9% and 16.3% higher YoY respectively at S\$20.4 million for 3Q-2013 and S\$55.8 million for year-to-date. The higher maintenance expenses were driven by the expansion of our undersea cable infrastructure and local network systems.

Other expenses

Other expenses was S\$5.2 million or 19.3% lower at S\$21.6 million for the quarter, due partly to an exchange gain of S\$2.0 million in 3Q-2013 compared to an exchange loss of S\$0.7 million in 3Q-2012. YoY, lower utilities, absence of catch-up assessments for property tax expenses, lower billing and collection costs and fixed assets written off were the other contributing factors for the decrease in other expenses this year.

For the nine-month period, other expenses decreased S\$6.1 million or 8.5% to S\$65.5 million this year. This was attributable to lower provision for stock obsolescence, utilities, absence of catch-up assessments for property tax expenses, and higher recoveries for network construction or diversion projects, offsetting the absence of exchange gain taken up in last year's year-to-date.

Depreciation and amortisation (net of asset grants)

YoY, depreciation and amortisation expenses were 0.2% higher at S\$67.7 million for the quarter and decreased S\$1.2 million or 0.6% to S\$202.4 million for the nine-month period. Higher depreciation expense from additions of property, plant and equipment and intangible assets in the current periods were mitigated by the discontinued depreciation from fully depreciated fixed assets in the year.

**(C) Other income**

This quarter's other income was up S\$2.6 million or 30.3% to S\$11.1 million and increased 68.7% to S\$36.7 million for the nine-month period when compared to the same periods last year. The YoY increase was mainly due to higher adoption grant income for Next Gen NBN services as take-up increases.

**(D) Profitability**

For the quarter, profit from operations was S\$1.3 million or 1.1% lower at S\$119.2 million due to lower sales of equipment which was partially mitigated by lower operating expenses and higher other income. Year-to-date, the Group's profits from operations expanded 5.2% to S\$358.1 million with lower operating expenses offsetting the lower operating revenue, and the booking of higher other income from increased adoption grant for Next Gen NBN connections as take-up increases.

EBITDA for the nine-month period was up S\$16.4 million or 3.0% to S\$560.4 million, yielding an EBITDA margin on service revenue of 33.7%. For the quarter, EBITDA was S\$1.2 million or 0.6% lower at S\$186.9 million. As a percentage of service revenue, EBITDA margin was 33.6% for the quarter, compared to 33.9% in the corresponding period last year.

Finance income was lower at S\$0.8 million in 3Q-2013 and S\$2.1 million in the nine-month period, primarily due to lower bank deposits.

Compared to the corresponding periods last year, finance expenses were 2.1% lower at S\$4.7 million for the quarter and decreased by 3.3% to S\$14.1 million for the nine-month period. The higher expenses last year included the facility expenses for new bank loan facilities and medium term notes issued.

The Group's profit before taxation decreased S\$1.6 million or 1.4% to S\$115.3 million in 3Q-2013, and was S\$16.9 million or 5.1% higher at S\$346.0 million for the nine-month period.

The Group's taxation for the quarter was 3.4% lower at S\$20.0 million, and was up 2.1% to S\$58.9 million for year-to-date, approximating at 17.0% of profit before taxation.

Profit after taxation at S\$95.3 million for the quarter was 1.0% lower compared to 3Q-2012 and for year-to-date, rose 5.8% to S\$287.1 million.



2. BUSINESS REVIEW

Mobile Services

	Quarter ended 30 Sep				Nine months ended 30 Sep			
	2013	2012	Incr / (Decr)		2013	2012	Incr / (Decr)	
Mobile revenue	S\$m	S\$m	S\$m	%	S\$m	S\$m	S\$m	%
Post-paid	248.8	242.9	5.9	2.4	743.7	734.8	8.9	1.2
Pre-paid	59.5	60.5	(1.0)	(1.6)	181.2	181.3	(0.1)	(0.1)
Total	308.3	303.3	4.9	1.6	924.9	916.1	8.7	1.0

Mobile operating statistics	Quarter ended			Nine months ended		YoY
	30 Sep	30 Jun	30 Sep	30 Sep		Incr/(Decr)
	2013	2013	2012	2013	2012	%
Number of registered customers (in thousands)						
Post-paid	1,151	1,127	1,086	1,151	1,086	6.0
Pre-paid	1,129	1,122	1,093	1,129	1,093	3.3
Total	2,280	2,249	2,180	2,280	2,180	4.6
Monthly minutes of use per registered customer						
Post-paid	295	305	322	301	330	(8.9)
Pre-paid	370	396	455	395	459	(14.0)
Average monthly SMS per registered user (originating)						
Post-paid	132	144	183	142	200	(28.7)
Pre-paid	72	77	107	78	109	(28.3)
Mobile Data Traffic (in '000 GBytes)						
Post-paid	6,275	5,481	5,142	16,569	13,910	19.1
Pre-paid	392	307	199	915	527	73.7
ARPU with IDD included (S\$ per month)						
Post-paid	70	72	69	70	70	(0.1)
Pre-paid	18	18	19	18	18	(0.9)
Non-voice service as a contribution to ARPU						
Post-paid	46.9%	45.0%	43.5%	45.6%	41.9%	-
Pre-paid	20.7%	18.9%	18.2%	19.0%	17.9%	-
Average monthly churn rate (post-paid)	1.0%	1.0%	1.0%	0.9%	1.2%	-
Singapore mobile penetration <sup>(1)</sup>	156.3%	154.3%	148.8%	156.3%	148.8%	-
Market Share <sup>(1)</sup>	27.3%	27.4%	27.6%	27.3%	27.6%	-

Note:

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

Total mobile services

YoY, total mobile services revenue for the quarter recorded 1.6% growth at S\$308.3 million, and was 1.0% higher at S\$924.9 million for year-to-date. The increases for both periods were attributable to higher revenue under Post-paid mobile services, offset by lower Pre-paid mobile services revenue.

### Post-paid mobile services

Against the corresponding periods last year, Post-paid mobile services revenue for the quarter was up S\$5.9 million or 2.4% to S\$248.8 million and for the nine-month period, increased S\$8.9 million or 1.2% to S\$743.7 million. This was mainly due to higher subscription and usage revenue driven from a larger subscriber base, and with an increased mix of subscribers on the tiered data subscription plans. The higher subscription and usage revenue were partially offset by lower carriers' inter-connection and roaming revenue.

As at 30 September 2013, Post-paid mobile customer base was 1,151,000 subscribers after the quarter's net addition of 23,900 subscribers. Compared to a year ago, our customer base was up 6.0% or 64,700 subscribers.

This quarter's Post-paid mobile ARPU at S\$70 was S\$1 higher compared to S\$69 in 3Q-2012, due to increased take-up of the new tiered data subscription plans offset by lower outbound roaming usage. Year-to-date Post-paid mobile ARPU was S\$70 for both years.

With more customers using smart phones, devices and applications on the go, our mobile data traffic continues to expand, while voice and SMS traffic decrease. On a year-to-date comparison, Post-paid mobile minutes of use per customer trended lower by about 8.9% with average SMS per customer down by 28.7%. Over the same period, data traffic for Post-paid surged 19.1%. This resulted in higher non-voice component of the Post-paid mobile ARPU at 46.9% for the quarter and 45.6% for year-to-date, up from 43.5% and 41.9% in the corresponding periods last year.

Post-paid mobile monthly average churn was 1.0% for the quarter, and improved to 0.9% this year, from 1.2% last year, driven mainly by our proactive churn management and competitive service offerings in the current periods.

### Pre-paid mobile services

YoY, Pre-paid mobile services revenue was S\$1.0 million lower at S\$59.5 million for the quarter and S\$0.1 million lower at S\$181.2 million for the nine-month period. The lower revenue was attributed to lower voice, SMS and IDD usages, which were partially mitigated by higher data usage revenue and expired credits recognised.

As at 30 September 2013, Pre-paid mobile customer base was 1,129,000 customers after the quarter's net addition of 7,300 customers. Compared to a year ago, our customer base was up 3.3% or 35,800 customers.

Pre-paid mobile ARPU was S\$18 for both the quarter and nine-month periods. This was comparable to last year's year-to-date, but was S\$1 lower when compared to 3Q-2012.

Pay TV Services

	Quarter ended 30 Sep				Nine months ended 30 Sep			
	2013	2012	Incr / (Decr)		2013	2012	Incr / (Decr)	
	S\$m	S\$m	S\$m	%	S\$m	S\$m	S\$m	%
Pay TV revenue	95.5	99.2	(3.7)	(3.7)	285.8	298.6	(12.8)	(4.3)

Pay TV operating statistics	Quarter ended			Nine months ended		YoY
	30 Sep	30 Jun	30 Sep	30 Sep		Incr/(Decr)
	2013	2013	2012	2013	2012	%
Number of residential Pay TV customers (in thousands)	531	530	541	531	541	(1.8)
ARPU (S\$ per month)	51	52	52	52	53	(1.7)
Average monthly churn rate	1.0%	1.1%	1.2%	1.1%	1.1%	-
StarHub's penetration	42.6%	42.7%	44.2%	42.6%	44.2%	-

YoY, Pay TV revenue for the quarter and nine-month periods were 3.7% and 4.3% lower respectively due mainly to lower subscription and advertising revenue. In addition, the one-off revenue for the 2012 UEFA EURO event included in 1H-2012 also contributed to the YoY decrease for the current nine-month period.

The quarter's Pay TV ARPU was S\$51 compared to S\$52 in 3Q-2012, due to higher competitive discounts. For the nine-month period, Pay TV ARPU at S\$52 this year was comparable to last year after excluding the impact of UEFA EURO revenue earned in 2012.

Our competitive Pay TV packages and marketing offers pursuant to the regulator's directive for the cross carriage of the Barclays Premier League sport content on our broadcasting platform contributed to the customer net adds and reduced churn in the current quarter. For the quarter, we added 1,900 subscribers bringing our customer base to 531,000 subscribers as at 30 September 2013. Compared to a year ago, this was 1.8% lower due mainly to intense competition for viewership.

Our monthly average churn for the quarter was lower at 1.0%, down from 1.2% in 3Q-2012, and maintained at 1.1% for the nine-month period.

**Broadband Services**

	Quarter ended 30 Sep				Nine months ended 30 Sep			
	2013	2012	Incr / (Decr)		2013	2012	Incr / (Decr)	
	S\$m	S\$m	S\$m	%	S\$m	S\$m	S\$m	%
Broadband revenue	59.6	62.7	(3.1)	(5.0)	183.7	186.5	(2.8)	(1.5)

Broadband operating statistics	Quarter ended			Nine months ended		YoY
	30 Sep	30 Jun	30 Sep	30 Sep		Incr/(Decr)
	2013	2013	2012	2013	2012	%
Number of residential broadband customers - subscription-based (in thousands)	445	442	443	445	443	0.5
ARPU (S\$ per month)	44	45	46	45	46	(2.5)
Average monthly churn rate	1.3%	1.4%	1.5%	1.3%	1.5%	-

Broadband services revenue at S\$59.6 million for the quarter was 5.0% lower compared to 3Q-2012, and decreased 1.5% YoY to S\$183.7 million for the nine-month period. The decrease was due to lower subscription revenue as a result of price competition, despite an increase in the subscriber base.

As at 30 September 2013, Broadband customer base was 445,000 subscribers after the quarter's net addition of 2,800 subscribers. Compared to a year ago, Broadband customer base was up 2,000 subscribers or 0.5% increase YoY.

Broadband ARPU was lower at S\$44 in 3Q-2013 and S\$45 for year-to-date 2013 when compared to S\$46 in the corresponding periods last year. This was due to higher subscription discounts offered and price competition in the market.

Broadband average monthly churn improved to 1.3% for the quarter and nine-month periods as against 1.5% last year reflecting success in retention programs.

**Fixed Network Services**

	Quarter ended 30 Sep				Nine months ended 30 Sep			
	2013	2012	Incr / (Decr)		2013	2012	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	76.8	74.4	2.5	3.3	222.0	217.5	4.5	2.1
Voice services	15.9	15.6	0.3	2.0	49.0	45.5	3.6	7.9
Total	92.7	89.9	2.8	3.1	271.1	263.0	8.1	3.1

Fixed Network services revenue for the quarter and nine-month periods grew 3.1% to S\$92.7 million and S\$271.1 million respectively when compared to the corresponding periods last year. Both Data & Internet and Voice services registered growth YoY.

The increase in Data & Internet services revenue was largely attributed to a higher take-up of our Internet and Next Gen NBN services, coupled with increase in solutions sales. These were offset by lower revenue from the leased circuits businesses, which continues to see price erosion.

The growth in Voice services revenue was driven by digital voice home services which became chargeable since 4Q-2012 and higher in-payments from carriers' services. These were offset by lower IDD usages and other voice services.

**Hubbing (Multi-Service Households)**

Hubbing Metrics	30 Sep	As at	30 Sep	YoY
	2013	30 Jun	30 Sep	Incr/(Decr)
		2013	2012	%
Total Singapore occupied homes (in thousands, estimated) <sup>(1)</sup>	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)	774	777	786	(1.6)
Percentage of total hubbing households which subscribe to any two services	28.6%	28.8%	30.1%	(1.5)% pts
Percentage of total hubbing households which subscribe to all three services	28.8%	28.2%	27.0%	1.8% pts
Percentage of total hubbing households which subscribe to two or more services	57.4%	57.0%	57.1%	0.3% pts

Note:

(1) Source: Nielsen Media Research for 2012 estimates

As at 30 September 2013, the number of triple services households grew to 223,000 households, after the quarter's net add of 4,200 households, when compared to the 212,000 triple services households a year ago. As a ratio of total hubbing households, the triple services households rose to 28.8%, up from 27.0% last year.

As a percentage of the total hubbing households, the ratio of households who subscribed to two or more services rose to 57.4% as at 30 September 2013 as compared to 57.1% a year ago.

## 3. GROUP CASH FLOW STATEMENT

	Quarter ended 30 Sep		Nine months ended 30 Sep	
	2013 S\$m	2012 S\$m	2013 S\$m	2012 S\$m
<b>Operating Activities</b>				
Profit before taxation	115.3	116.9	346.0	329.1
Adjustments for :				
Depreciation and amortisation (net of asset grants)	67.7	67.5	202.4	203.6
Loss / (Profit) on disposal of fixed assets	(0.0)	0.7	0.2	0.6
Share-based payments expenses	3.5	2.6	7.2	4.6
Changes in fair value of financial instruments	0.7	1.5	(0.2)	0.5
Net finance expenses	3.9	3.6	12.0	11.3
Income related grants	(11.1)	(8.5)	(36.7)	(21.7)
Other non-cash items	0.2	(0.2)	0.7	0.8
Operating cash flow before working capital changes	180.1	184.2	531.6	528.7
Changes in working capital	54.4	51.8	48.6	80.6
Income tax paid	(36.3)	(25.3)	(88.9)	(54.0)
<b>Net cash from operating activities</b>	<b>198.2</b>	<b>210.6</b>	<b>491.3</b>	<b>555.2</b>
<b>Investing Activities</b>				
Proceeds from disposal of fixed assets	0.3	0.1	0.5	0.5
Purchase of fixed assets	(78.6)	(59.6)	(215.3)	(157.4)
Interest received	0.8	0.9	2.1	3.0
<b>Net cash used in investing activities</b>	<b>(77.5)</b>	<b>(58.6)</b>	<b>(212.7)</b>	<b>(153.9)</b>
<b>Financing Activities</b>				
Proceeds from exercise of share options	0.1	0.3	0.6	0.8
Finance expenses paid	(7.5)	(6.3)	(17.5)	(17.0)
Grants received	0.1	-	15.6	47.0
Proceeds from bank loans	-	10.0	-	80.0
Repayment of bank loans	-	-	-	(75.0)
Proceeds from issuance of medium term notes	-	220.0	-	220.0
Dividends paid	(86.1)	(85.9)	(258.2)	(257.5)
Purchase of treasury shares	-	-	-	(2.3)
<b>Net cash used in financing activities</b>	<b>(93.4)</b>	<b>138.2</b>	<b>(259.5)</b>	<b>(4.0)</b>
<b>Net change in cash and cash equivalents</b>	<b>27.3</b>	<b>290.2</b>	<b>19.2</b>	<b>397.3</b>
Exchange difference on cash and cash equivalents	(0.0)	(0.1)	0.4	(0.1)
Cash and cash equivalents at beginning of the period	304.3	286.3	312.0	179.2
<b>Cash and cash equivalents at end of the period</b>	<b>331.7</b>	<b>576.4</b>	<b>331.7</b>	<b>576.4</b>

For the quarter, net cash from operating activities amounted to S\$198.2 million, S\$12.4 million lower than 3Q-2012 due mainly to S\$11.0 million higher income tax paid this year.

For the nine-month period, net cash from operating activities was lower at S\$491.3 million this year, compared to last year's S\$555.2 million. Higher income tax payments and increased working capital needs were the main contributing factors.

The positive change in working capital of S\$48.6 million for the current year-to-date was attributed to higher net balance due to related parties, coupled with lower trade receivables, and other receivables, deposits and prepayments, offset by higher inventories and lower trade and other payables.

CAPEX payments were higher this quarter and nine-month period at S\$78.6 million and S\$215.3 million respectively, up from last year's corresponding periods of S\$59.6 million and S\$157.4 million. This resulted in higher net cash outflow from investing activities of S\$77.5 million for the quarter and S\$212.7 million for the nine-month period.

As a result, free cash flow for the year was comparatively lower YoY at S\$119.7 million for the quarter and S\$276.1 million for the nine-month period. This was 20.8% and 30.6% lower when compared to the respective corresponding periods last year.

Total net cash outflow from financing activities was S\$93.4 million in 3Q-2013, primarily for the quarterly dividend payments. There was no new Note issuance or proceed from new bank loans drawn down this year. Year-to-date, net cash outflow from financing activities this year amounted to S\$259.5 million as compared to S\$4.0 million in 2012.

As at 30 September 2013, the Group's cash and cash equivalents was S\$331.7 million, down from S\$576.4 million a year ago.

#### Capital expenditure commitments

As of 30 September 2013, the Group's total outstanding capital expenditure commitments amounted to S\$360.4 million. The outstanding commitments comprised mainly commitment for 4G spectrum rights of S\$120 million, CAPEX for new business support systems, expansion of our international and domestic network infrastructure and systems.



## 4. STATEMENT OF FINANCIAL POSITION

	Group		Company	
	30 Sep 13 S\$m	31 Dec 12 S\$m	30 Sep 13 S\$m	31 Dec 12 S\$m
<b>Non-current assets</b>				
Property, plant and equipment	824.2	791.1	371.2	367.7
Intangible assets	384.6	397.0	94.3	105.9
Subsidiaries	-	-	1,202.1	1,202.1
Balances with related parties	-	-	480.0	600.0
Deferred tax assets	2.5	2.5	-	-
	<b>1,211.2</b>	<b>1,190.6</b>	<b>2,147.7</b>	<b>2,275.7</b>
<b>Current assets</b>				
Inventories	30.0	28.1	24.3	21.2
Trade receivables	123.7	142.3	113.3	130.9
Other receivables, deposits and prepayments	125.5	123.6	17.7	20.4
Balances with related parties	20.2	12.0	207.6	48.2
Cash and cash equivalents	331.7	312.0	241.8	245.7
	<b>631.1</b>	<b>618.0</b>	<b>604.6</b>	<b>466.4</b>
Less:				
<b>Current liabilities</b>				
Trade and other payables	735.5	728.1	314.5	344.5
Balances with related parties	95.2	56.5	418.0	321.5
Provision for taxation	72.0	94.6	51.9	51.4
	<b>902.7</b>	<b>879.2</b>	<b>784.4</b>	<b>717.4</b>
<b>Net current (liabilities)/assets</b>	<b>(271.7)</b>	<b>(261.2)</b>	<b>(179.8)</b>	<b>(251.0)</b>
<b>Non-current liabilities</b>				
Trade and other payables	30.3	37.5	30.3	37.5
Borrowings	687.5	687.5	687.5	687.5
Deferred income	26.4	41.7	-	-
Deferred tax liabilities	112.4	119.2	69.3	72.4
	<b>856.6</b>	<b>885.9</b>	<b>787.1</b>	<b>797.4</b>
<b>Net assets</b>	<b>83.0</b>	<b>43.5</b>	<b>1,180.7</b>	<b>1,227.3</b>
<b>Shareholders' equity</b>				
Share capital	271.1	263.1	271.1	263.1
Reserves	(188.1)	(219.6)	909.6	964.2
<b>Total equity</b>	<b>83.0</b>	<b>43.5</b>	<b>1,180.7</b>	<b>1,227.3</b>

## GROUP BALANCE SHEET REVIEW

Against 31 December 2012, the Group's total non-current assets increased S\$20.6 million to S\$1,211.2 million as at 30 September 2013. This was driven by a higher net book value for

new asset additions to property, plant and equipment, offset by a lower net book value of intangible assets.

Total current assets as at 30 September 2013 amounted to S\$631.1 million, S\$13.1 million higher than 31 December 2012, due to higher cash and cash equivalents, balance due from related parties, inventories, and other receivables, deposits and prepayments, offset by lower trade receivables.

Total current liabilities increased S\$23.5 million from S\$879.2 million as at 31 December 2012 to S\$902.7 million as at 30 September 2013. This was attributable to a higher balance due to related parties and trade and other payables totaling S\$46.1 million increase, which were mitigated by lower provision for taxation of S\$22.6 million.

Total non-current liabilities at S\$856.6 million as at 30 September 2013 was S\$29.3 million lower when compared to 31 December 2012 from lower non-current trade and other payables, deferred income and deferred tax liabilities.

The Group's shareholders' equity amounted to S\$83.0 million as at 30 September 2013, up from S\$43.5 million as at 31 December 2012 as a result of improved profitability retained in the business.

## 5. GROUP UNSECURED BORROWINGS

<b>Unsecured borrowings</b>	<b>30 Sep 13 S\$m</b>	<b>31 Dec 12 S\$m</b>
Amount repayable after one year		
Bank loans	467.5	467.5
Medium term notes	220.0	220.0
<b>Total</b>	<b>687.5</b>	<b>687.5</b>

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

Net debt as at 30 September 2013 was S\$355.8 million, S\$19.7 million or 5.2% lower when compared to 31 December 2012. As a percentage of 2012 EBITDA, the Group's net debt was 0.49 times as at 30 September 2013, down from 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
<b><u>Total comprehensive income for the period</u></b>									
Profit for the period	-	-	-	-	-	-	191.8	191.8	191.8
Other comprehensive income									
Translation differences arising from consolidation of foreign subsidiaries	-	-	-	-	-	0.5	-	0.5	0.5
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	0.5	191.8	195.6	195.6
<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	8.0	-	-	(7.5)	-	-	-	(7.5)	0.5
Share-based payments expenses	-	-	-	3.7	-	-	-	3.7	3.7
Dividends paid	-	-	-	-	-	-	(172.1)	(172.1)	(172.1)
Total transactions with equity holders of the Company	8.0	-	-	(3.7)	-	-	(172.1)	(175.8)	(167.9)
At 30 Jun 2013	271.1	(0.2)	(276.3)	9.9	(3.8)	0.5	69.9	(199.9)	71.2
<b><u>Total comprehensive income for the period</u></b>									
Profit for the period	-	-	-	-	-	-	95.3	95.3	95.3
Other comprehensive income									
Translation differences arising on consolidation of foreign subsidiaries	-	-	-	-	-	(0.4)	-	(0.4)	(0.4)
Effective portion of changes in fair value of cash flow hedge (net of taxation)	-	-	-	-	(0.6)	-	-	(0.6)	(0.6)
Total comprehensive income for the period	-	-	-	-	(0.6)	(0.4)	95.3	94.3	94.3
<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	0.1	-	-	-	-	-	-	-	0.1
Share-based payments expenses	-	-	-	3.5	-	-	-	3.5	3.5
Dividends paid	-	-	-	-	-	-	(86.1)	(86.1)	(86.1)
Total transactions with equity holders of the Company	0.1	-	-	3.5	-	-	(86.1)	(82.6)	(82.5)
At 30 Sep 2013	271.1	(0.2)	(276.3)	13.4	(4.3)	0.2	79.1	(188.1)	83.0

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

Group	Share capital S\$m	Treasury shares S\$m	Goodwill written off S\$m	Share-based 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><u>Total comprehensive income for the period</u></b>									
Profit for the period	-	-	-	-	-	-	175.2	175.2	175.2
Other comprehensive income									
Effective portion of changes in fair value of cash flow hedge (net of taxation)	-	-	-	-	(1.6)	-	-	(1.6)	(1.6)
Total comprehensive income for the period	-	-	-	-	(1.6)	-	175.2	173.6	173.6
<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>									
Share-based payments expenses	-	-	-	2.0	-	-	-	2.0	2.0
Purchase of treasury shares	-	(2.3)	-	-	-	-	-	(2.3)	(2.3)
Transfer from treasury shares to share-based payments reserve	-	6.8	-	(5.6)	-	-	-	1.2	1.2
Dividends paid	-	-	-	-	-	-	(171.7)	(171.7)	(171.7)
Total transactions with equity holders of the Company	-	4.5	-	(3.7)	-	-	(171.7)	(170.9)	(170.9)
At 30 Jun 2012	262.8	(1.0)	(276.3)	10.2	(8.2)	-	37.8	(237.5)	25.3
<b><u>Total comprehensive income for the period</u></b>									
Profit for the period	-	-	-	-	-	-	96.2	96.2	96.2
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	96.2	97.1	97.1
<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	-	-	-	2.2	-	-	-	2.2	2.2
Transfer from treasury shares to share-based payments reserve	-	0.8	-	(0.5)	-	-	-	0.3	0.3
Dividends paid	-	-	-	-	-	-	(85.9)	(85.9)	(85.9)
Total transactions with equity holders of the Company	-	0.8	-	1.7	-	-	(85.9)	(83.4)	(83.4)
At 30 Sep 2012	262.8	(0.3)	(276.3)	11.9	(7.4)	0.1	48.2	(223.8)	39.0

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

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
<b><u>Total comprehensive income for the period</u></b>								
Profit for the period	-	-	-	-	-	133.5	133.5	133.5
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	133.5	136.8	136.8
<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	8.0	-	-	(7.5)	-	-	(7.5)	0.5
Share-based payments expenses	-	-	-	3.7	-	-	3.7	3.7
Dividends paid	-	-	-	-	-	(172.1)	(172.1)	(172.1)
Total transactions with equity holders of the Company	8.0	-	-	(3.7)	-	(172.1)	(175.8)	(167.9)
<b>At 30 Jun 2013</b>	<b>271.1</b>	<b>(0.2)</b>	<b>276.5</b>	<b>9.9</b>	<b>(3.8)</b>	<b>642.7</b>	<b>925.2</b>	<b>1,196.3</b>
<b><u>Total comprehensive income for the period</u></b>								
Profit for the period	-	-	-	-	-	67.5	67.5	67.5
Other comprehensive income								
Effective portion of changes in fair value of cash flow hedge (net of taxation)	-	-	-	-	(0.6)	-	(0.6)	(0.6)
Total comprehensive income for the period	-	-	-	-	(0.6)	67.5	67.0	67.0
<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	0.1	-	-	-	-	-	-	0.1
Share-based payments expenses	-	-	-	3.5	-	-	3.5	3.5
Dividends paid	-	-	-	-	-	(86.1)	(86.1)	(86.1)
Total transactions with equity holders of the Company	0.1	-	-	3.5	-	(86.1)	(82.6)	(82.5)
<b>At 30 Sep 2013</b>	<b>271.1</b>	<b>(0.2)</b>	<b>276.5</b>	<b>13.4</b>	<b>(4.3)</b>	<b>624.2</b>	<b>909.6</b>	<b>1,180.7</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 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	-	-	-	-	-	133.5	133.5	133.5
Other comprehensive income								
Effective portion of changes in fair value of cash flow hedge (net of taxation)	-	-	-	-	(1.6)	-	(1.6)	(1.6)
Total comprehensive income for the period	-	-	-	-	(1.6)	133.5	131.9	131.9
<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	-	-	-	2.0	-	-	2.0	2.0
Purchase of treasury shares	-	(2.3)	-	-	-	-	(2.3)	(2.3)
Transfer from treasury shares to share-based payments reserve	-	6.8	-	(5.6)	-	-	1.2	1.2
Dividends paid	-	-	-	-	-	(171.7)	(171.7)	(171.7)
Total transactions with equity holders of the Company	-	4.5	-	(3.7)	-	(171.7)	(170.9)	(170.9)
At 30 Jun 2012	262.8	(1.0)	276.5	10.2	(8.2)	630.0	907.5	1,170.3
<b><u>Total comprehensive income for the period</u></b>								
Profit for the period	-	-	-	-	-	66.7	66.7	66.7
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	66.7	67.5	67.5
<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	-	-	-	2.2	-	-	2.2	2.2
Transfer from treasury shares to share-based payments reserve	-	0.8	-	(0.5)	-	-	0.3	0.3
Dividends paid	-	-	-	-	-	(85.9)	(85.9)	(85.9)
Total transactions with equity holders of the Company	-	0.8	-	1.7	-	(85.9)	(83.4)	(83.4)
At 30 Sep 2012	262.8	(0.3)	276.5	11.9	(7.4)	610.9	891.6	1,154.4

## 7. CHANGES IN COMPANY'S SHARE CAPITAL

### Share Capital

As at 30 September 2013, the share capital of the Company totaled S\$271.1 million comprising 1,721,231,795 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 nine months ended 30 September 2013, the Company issued a total of 60,275 and 3,779,506 new ordinary shares respectively to employees pursuant to the Company's obligations under its share-based plans as follows:

<b>Number of new ordinary shares issued:</b>	<b>3Q 2013</b>	<b>Year-to-date 2013</b>
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)	60,275	437,971
For payout to participants of the Company's Performance and Restricted Share Plans via the transfer from the Company's share-based payment reserve	-	3,341,535
<b>Total</b>	<b>60,275</b>	<b>3,779,506</b>

#### Treasury Shares

There was no movement in treasury shares for the quarter and nine months ended 30 September 2013. The treasury share balance as at 30 September 2013 was S\$0.2 million comprising 72,788 ordinary shares, or 0.004% of issued share capital excluding treasury shares (30 September 2012: 88,913 ordinary shares or 0.005% of issued share capital excluding treasury shares).

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

#### Share Option Plans

As at 30 September 2013, the outstanding balance of unexercised options under the Company's share option plans totaled 1,042,425 (30 September 2012: 1,912,708) or 0.06% of the total issued shares in the capital of the Company.

#### Performance Share Plan

As at 30 September 2013, the outstanding balance of conditional awards under the Performance Share Plan was 2,248,900 ordinary shares (30 September 2012: 2,546,400).

#### Restricted Stock Plan

As at 30 September 2013, the outstanding balance of conditional awards under the Restricted Stock Plan was 4,716,200 ordinary shares (30 September 2012: 5,304,595 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 Sep		Nine months ended 30 Sep	
	2013	2012	2013	2012
<b>Basic</b>				
Earnings per share	5.5 cents	5.6 cents	16.7 cents	15.8 cents
Weighted average number of shares ('000)	1,721,227	1,717,143	1,720,512	1,716,656
<b>Diluted</b>				
Earnings per share	5.5 cents	5.6 cents	16.6 cents	15.7 cents
Weighted average number of shares ('000)	1,728,913	1,726,299	1,728,327	1,725,914

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

	Group		Company	
	30 Sep 2013	31 Dec 2012	30 Sep 2013	31 Dec 2012
Net asset value per share	4.8 cents	2.5 cents	68.6 cents	71.5 cents



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

For the nine months ended 30 September 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.

Year-to-date EBITDA margin at 33.7% of service revenue was above our guidance of EBITDA margin at about 31% of service revenue for 2013.

Total CAPEX payments in the nine-month period totaled 12.3% of operating revenue. Our guidance for 2013 is 13% of operating revenue.

#### 15. GROUP OUTLOOK

For the Mobile business, 38% of our Post-paid customers are on tiered data plans as of 3Q-2013. The increasing base of customers on tiered data plans will drive further data monetisation on the back of enhanced customers' experience on our 4G network which is already 95% deployed.

In the Pay TV space, our customers can now watch Barclays Premier League cross-carried on our cable TV broadcasting platform. This, in addition to our recently upgraded network and set-top boxes to enhance security and minimise piracy, will see take-up for our pay TV services increase.

Price competition remains intense in the Broadband space as service providers continue to discount the subscription prices of the fibre broadband plans on the Next Gen NBN. To drive subscription, we will continue to bundle our TV with fibre and cable broadband services to address the different customer demands of speed, price, content or reliability.

In the Enterprise space, we will increase service offerings to our base and continue to grow in the SME segment with Next Gen NBN and mobile services. With ongoing enhancement to our own Fixed infrastructure, we will strengthen our diversity services to corporate customers.

Based on our year-to-date performance and the current outlook, barring any unforeseen circumstances, our Group operating revenue for the year is expected to be lower than 2012, but service revenue is expected to be maintained. Group EBITDA margin as a percentage of service revenue is expected to improve to about 32%. We maintain our total CAPEX payments in 2013 at about 13% of operating revenue, including the capital expenditure requirements for our new 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 November 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 18 November 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 15 November 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

	<b>Aggregate value of all interested person transactions conducted under a shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual (excluding transactions less than S\$100,000) 1 July 2013 to 30 September 2013 S\$m</b>
<b>Transactions for the Sale of Goods &amp; Services</b>	
SembCorp Marine Limited & its associates	0.1
Singapore Telecommunications Limited & its associates	11.8
TeleChoice International Ltd & its associates	0.7
Temasek Holdings (Private) Limited & its associates (other than those disclosed above)	0.5
	13.2
<b>Transactions for the Purchase of Goods &amp; Services</b>	
CapitaLand Limited & its associates	7.5
Singapore Power Limited & its associates	6.4
Singapore Telecommunications Limited & its associates	21.6
SMRT Corporation Ltd & its associates	0.1
TeleChoice International Ltd & its associates	90.1
Temasek Holdings (Private) Limited & its associates (other than those disclosed above)	0.1
	125.9

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 July to 30 September 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 third quarter and nine months ended 30 September 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  
7 November 2013