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STARHUB LTD

Announcement of Unaudited Results for the First Quarter ended 31 March 2014

StarHub is pleased to announce our unaudited results for the first quarter ended 31 March 2014.

Results for the First Quarter ended 31 March 2014

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

	Quarter ended 31 Mar			
	2014 S\$m	2013 S\$m	Incr/ (Decr) S\$m	%
Total revenue	571.4	580.1	(8.7)	(1.5)
Operating expenses	(472.9)	(481.2)	(8.3)	(1.7)
Other income	12.1	15.1	(3.1)	(20.3)
Profit from operations	110.5	114.0	(3.5)	(3.0)
Finance income	0.6	0.6	0.0	1.4
Finance expenses ⁽¹⁾	(5.5)	(4.8)	0.7	14.6
Profit before taxation	105.6	109.7	(4.1)	(3.8)
Taxation	(21.4)	(18.5)	2.8	15.3
Profit for the period	84.2	91.2	(7.0)	(7.7)
Attributable to:				
Equity holders of the Company	84.2	91.2	(7.0)	(7.7)
	84.2	91.2	(7.0)	(7.7)
EBITDA	177.1	182.1	(5.0)	(2.7)
EBITDA as a % of service revenue	32.6%	33.3%	-0.7% pts	
Free Cash Flow ⁽²⁾	104.6	92.1	12.5	13.5
<i>Profit from operations is arrived after charging the following:</i>				
<i>Allowance for doubtful receivables and bad debts written off</i>	3.8	3.9	(0.1)	(1.5)
<i>Depreciation and amortisation (net of asset grants)</i>	66.6	68.1	(1.5)	(2.2)

Notes:

(1) Finance expenses include interest and other financing charges

(2) Free Cash Flow refers to net cash from operating activities less purchase of fixed assets in the cash flow statement

(3) Numbers in all tables may not exactly add due to rounding

1.2 GROUP COMPREHENSIVE INCOME STATEMENT

	Quarter ended 31 Mar			
	2014 S\$m	2013 S\$m	Incr/(Decr) S\$m	%
Profit for the period	84.2	91.2	(7.0)	(7.7)
Other comprehensive income Items that are or may be reclassified subsequently to profit or loss:				
Foreign currency translation differences	0.1	0.3	(0.2)	(67.0)
Effective portion of changes in fair value of cash flow hedge	0.7	0.0	0.7	nm
Other comprehensive income for the period (net of taxation)	0.8	0.3	0.5	nm
Total comprehensive income for the period	85.0	91.4	(6.5)	(7.1)
Attributable to:				
Equity holders of the Company	85.0	91.4	(6.5)	(7.1)
	85.0	91.4	(6.5)	(7.1)

nm – Not meaningful

1.3 GROUP PERFORMANCE REVIEW FOR THE PERIOD ENDED 31 MARCH 2014

(A) Revenue

	Quarter ended 31 Mar					
	2014		2013		Incr / (Decr)	
Total revenue	S\$m	% mix	S\$m	% mix	S\$m	%
Mobile revenue	305.9	53.6	301.9	52.0	4.1	1.3
Pay TV revenue	93.8	16.4	94.7	16.3	(1.0)	(1.0)
Broadband revenue	53.9	9.4	62.4	10.8	(8.5)	(13.7)
Fixed Network Services revenue	90.2	15.8	88.3	15.2	1.9	2.2
Total service revenue	543.8	95.2	547.3	94.3	(3.5)	(0.6)
Sale of equipment	27.6	4.8	32.8	5.7	(5.2)	(15.7)
Total	571.4	100.0	580.1	100.0	(8.7)	(1.5)

For the quarter, the Group's total revenue was 1.5% lower year-on-year (YoY) at S\$571.4 million due to lower service revenue which decreased 0.6% to S\$543.8 million and lower sales of equipment which decreased 15.7% to S\$27.6 million as a result of lower quantities of handsets sold this period.

Compared to 1Q-2013, this quarter's service revenue was S\$3.5 million or 0.6% lower. The decrease was attributed to lower revenue from Broadband which declined 13.7% or S\$8.5 million as a result of price competition in the Broadband market. This was mitigated by higher revenue from Mobile services which increased 1.3% or S\$4.1 million and Fixed Network services which grew 2.2% or S\$1.9 million YoY.

(B) Operating expenses

	Quarter ended 31 Mar			
	2014	2013	Incr / (Decr)	
Operating expenses	S\$m	S\$m	S\$m	%
Cost of sales	221.5	229.4	(7.8)	(3.4)
Other operating expenses	251.4	251.9	(0.5)	(0.2)
Total	472.9	481.2	(8.3)	(1.7)

Total operating expenses for the quarter were S\$8.3 million or 1.7% lower YoY at S\$472.9 million. As a percentage of revenue, total operating expenses were lower at 82.8% in 1Q-2014 as compared to 83.0% in 1Q-2013.

Details of total operating expenses are as follows:

(i) Cost of sales

	Quarter ended 31 Mar			
	2014	2013	Incr / (Decr)	
Cost of sales	S\$m	S\$m	S\$m	%
Cost of equipment sold	87.4	92.0	(4.6)	(5.0)
Cost of services	95.2	86.0	9.3	10.8
Traffic expenses	38.8	51.4	(12.6)	(24.4)
Total	221.5	229.4	(7.8)	(3.4)

Cost of sales decreased S\$7.8 million or 3.4% to S\$221.5 million in 1Q-2014. The lower spending YoY were attributed to lower traffic expenses and cost of equipment sold, offset by higher cost of services. As a percentage of revenue, cost of sales was 38.8% for the quarter, down from 39.5% in 1Q-2013.

Against 1Q-2013, this quarter's cost of equipment sold was S\$4.6 million or 5.0% lower at S\$87.4 million, mainly due to lower handset sales volume.

Cost of services for the quarter was up S\$9.3 million or 10.8% to S\$95.2 million, mainly due to higher costs incurred for Data & Internet, Next Gen NBN services, as well as increase in TV content and programming costs on new and renewal contracts.

On the back of lower inter-operator traffic volume and international outbound services, traffic expenses were lower at S\$38.8 million for the quarter, 24.4% decrease when compared to S\$51.4 million in 1Q-2013.

(ii) Other operating expenses

	Quarter ended 31 Mar			
	2014	2013	Incr / (Decr)	
Other operating expenses	S\$m	S\$m	S\$m	%
Staff costs	67.1	69.3	(2.2)	(3.2)
Operating leases	32.6	32.6	(0.0)	(0.0)
Marketing and promotions	39.4	36.6	2.9	7.8
Allowance for doubtful receivables	3.8	3.9	(0.1)	(1.5)
Repair and maintenance	20.0	17.5	2.5	14.3
Other expenses	21.9	24.0	(2.0)	(8.4)
Sub total	184.8	183.8	1.1	0.6
Depreciation and amortisation (net of asset grants)	66.6	68.1	(1.5)	(2.2)
Total	251.4	251.9	(0.5)	(0.2)

For the quarter, other operating expenses were S\$0.5 million or 0.2% lower YoY at S\$251.4 million.

Analysis of major variances in other operating expenses is provided below:

Staff costs

Staff costs decreased 3.2% to S\$67.1 million, mainly due to wage credits received under the Wage Credit Scheme in relation to the co-funding of salary increment in 2013 for certain qualifying categories of employees. Excluding this, staff costs for the quarter were comparable to 1Q-2013 of S\$69.3 million.

Marketing and promotions

Marketing and promotion expenses were S\$2.9 million or 7.8% higher YoY at S\$39.4 million this quarter, with higher costs incurred for acquisition and re-contract activities.

Allowance for doubtful receivables

Allowance for doubtful receivables decreased S\$0.1 million or 1.5% YoY to S\$3.8 million in 1Q-2014, and maintained at 0.7% of service revenue in both periods.

Repair and maintenance

Repair and maintenance was up S\$2.5 million or 14.3% to S\$20.0 million on account of our expanded fixed and mobile network infrastructure and support systems.

Other expenses

Other expenses decreased S\$2.0 million or 8.4% to S\$21.9 million due mainly to lower allowance for stock obsolescence, licence fees and utilities, offset by stamp duty from the renewal of office lease tenancy in 1Q-2014.

Depreciation and amortisation (net of asset grants)

Depreciation and amortisation expenses were S\$1.5 million or 2.2% lower YoY, as the increase in depreciation from additions of property, plant and equipment and intangible assets were offset by the effects from the lower depreciation from fully depreciated fixed assets.

(C) Other income

Against 1Q-2013, this quarter's other income was S\$3.1 million or 20.3% lower at S\$12.1 million, due to a lower adoption grant income for a three months' claim for Next Gen NBN services this quarter as compared to six months' claim in 1Q-2013.

(D) Profitability

Compared to 1Q-2013, this quarter's profit from operations was S\$3.5 million or 3.0% lower at S\$110.5 million, due mainly to lower adoption grant income. The impact on profitability from the lower revenue was mitigated by the lower operating expenses in the quarter.

Finance income was maintained at S\$0.6 million for the quarter. Finance expenses were 14.6% higher at S\$5.5 million mainly due to facilities fees incurred this quarter to secure new bank loan facilities.

For the quarter, the Group's profit before taxation at S\$105.6 million was 3.8% lower compared to 1Q-2013.

The Group's taxation for the quarter amounted to S\$21.4 million, which included adjustment for under-provision of previous year's tax assessed. Excluding this adjustment, the overall taxation was 2.5% lower YoY.

Profit after taxation was 7.7% lower at S\$84.2 million for the quarter. This translates to an earnings per share (EPS) on a diluted basis of 4.9 cents for the quarter, compared to 5.3 cents in 1Q-2013.

2. BUSINESS REVIEW

Mobile Services

	Quarter ended 31 Mar			
	2014	2013	Incr / (Decr)	
	S\$m	S\$m	S\$m	%
Mobile revenue	305.9	301.9	4.1	1.3

Mobile operating statistics	Quarter ended		
	31 Mar 2014	31 Dec 2013	31 Mar 2013
Number of registered customers (in thousands)			
Post-paid	1,229	1,211	1,113
Pre-paid	1,120	1,140	1,104
Total	2,349	2,351	2,217
Monthly minutes of use per registered customer			
Post-paid	255	271	302
Pre-paid	317	340	418
ARPU with IDD included (S\$ per month)			
Post-paid	66	69	68
Pre-paid	16	17	19
Non-voice service as a contribution to ARPU			
Post-paid	50.6%	47.9%	44.8%
Pre-paid	21.8%	20.8%	17.6%
Average monthly churn rate (post-paid)	0.8%	0.9%	0.9%
Singapore mobile penetration ⁽¹⁾	155.6%	156.0%	151.9%
Market Share ⁽¹⁾	27.9%	27.9%	27.5%

Note:

⁽¹⁾ Source : IDA (As at January 2014)

Revenue from our mobile services increased 1.3% to S\$305.9 million this quarter. The increase was driven primarily from our Post-paid mobile services which recorded higher subscription revenue, driven from a larger subscriber base and an increased mix of subscribers on tiered data subscription plans. This was offset by lower inter-connection revenue from carriers and lower Pre-paid revenue.

Post-paid mobile services

As at 31 March 2014, Post-paid mobile subscriber base was 1,229,000 after the quarter's net addition of 17,300 subscribers. This was 115,600 customers or 10.4% more than a year ago, driven mainly by the promotional SharePlus plans.

Post-paid mobile ARPU for the quarter was S\$2 lower at S\$66 when compared to 1Q-2013. Although higher data subscription and roaming revenue had increased ARPU in the quarter, this was offset by the dilutive impact on ARPU from the enlarged customer base which comprised a higher mix of customers on the promotional SharePlus plans in the current period.

Mobile data traffic increased 40% to 6.7 million GBytes in 1Q-2014. This resulted in non-voice component of the Post-paid mobile ARPU to increase to 50.6% this quarter as compared to 44.8% in 1Q-2013.

Monthly average Post-paid mobile churn for the quarter of 0.8% was down from 0.9% in 1Q-2013.

Pre-paid mobile services

As at 31 March 2014, Pre-paid mobile customer base was 1,120,000 after the quarter's net churn of 19,800 customers. This was 16,800 customers or 1.5% higher than a year ago.

Pre-paid mobile ARPU decreased from S\$19 in 1Q-2013 to S\$16 in 1Q-2014 as a result of lower voice usages although Pre-paid non-voice component as a percentage of Pre-paid mobile ARPU rose to 21.8% this quarter from 17.6% in 1Q-2013.

Pay TV Services

	Quarter ended 31 Mar			
	2014	2013	Incr / (Decr)	
	S\$m	S\$m	S\$m	%
Pay TV revenue	93.8	94.7	(1.0)	(1.0)

Pay TV operating statistics	Quarter ended		
	31 Mar	31 Dec	31 Mar
	2014	2013	2013
Number of residential Pay TV customers (in thousands)	533	533	532
ARPU (S\$ per month)	52	52	52
Average monthly churn rate	0.9%	0.8%	1.2%
StarHub's penetration	42.1%	42.5%	43.1%

Pay TV services revenue decreased 1.0% to S\$93.8 million for the quarter, mainly due to lower subscription and advertising revenue.

As at 31 March 2014, Pay TV subscriber base was 533,000, 1,700 subscribers higher than a year ago.

For 1Q-2014, Pay TV ARPU was S\$0.40 lower when compared to 1Q-2013.

Pay TV monthly average churn decreased from 1.2% in 1Q-2013 to 0.9% in 1Q-2014, driven mainly by attractive HomeHub product bundles and proactive retention programs for our customers.

Broadband Services

	Quarter ended 31 Mar			
	2014	2013	Incr / (Decr)	
	S\$m	S\$m	S\$m	%
Broadband revenue	53.9	62.4	(8.5)	(13.7)

Broadband operating statistics	Quarter ended		
	31 Mar	31 Dec	31 Mar
	2014	2013	2013
Number of residential broadband customers - subscription-based (in thousands)	451	448	444
ARPU (S\$ per month)	39	42	45
Average monthly churn rate	1.0%	1.1%	1.3%

For the quarter, Broadband services revenue decreased 13.7% to S\$53.9 million, primarily due to lower subscription revenue despite a higher subscriber base.

As at 31 March 2014, Broadband subscriber base was 451,000 after the quarter's net additions of 3,200 subscribers. This was 7,200 subscribers or 1.6% higher compared to a year ago.

For the quarter, Broadband ARPU was S\$39, as compared to S\$45 in 1Q-2013 driven by price competition on the Next Gen NBN network, which also impacted the entire broadband market.

Broadband average monthly churn was lower at 1.0% this quarter as compared to 1.3% in 1Q-2013 as we proactively retained our customers through attractive hubbing bundles and competitive pricing.

Fixed Network Services

	Quarter ended 31 Mar			
	2014 S\$m	2013 S\$m	Incr / (Decr) S\$m %	
Fixed Network Services Revenue				
Data & Internet	76.6	72.0	4.6	6.5
Voice services	13.6	16.3	(2.7)	(16.6)
Total	90.2	88.3	1.9	2.2

Fixed Network services revenue was up S\$1.9 million or 2.2% YoY to S\$90.2 million, attributed to higher revenue from Data & Internet services, offset by lower Voice services revenue.

Data & Internet services revenue increased 6.5% to S\$76.6 million, mainly due to higher subscription of domestic leased circuits and internet services.

Voice services revenue was 16.6% lower at S\$13.6 million, due to lower local voice services impacted by price erosion and reduced IDD usages.

Hubbing (Multi-Service Households)

Hubbing Metrics	As at			YoY Incr/(Decr) %
	31 Mar 2014	31 Dec 2013	31 Mar 2013	
Total Singapore occupied homes (in thousands, estimated) ⁽¹⁾	1,210	1,210	1,197	1.1
Total hubbing households with at least one service of post-paid mobile, pay TV and/or broadband services (in thousands)	772	774	781	(1.1)
Percentage of total hubbing households which subscribe to any two services	28.2%	28.3%	29.3%	(1.1)% pts
Percentage of total hubbing households which subscribe to all three services	29.8%	29.4%	27.7%	2.1% pts
Percentage of total hubbing households which subscribe to two or more services	58.0%	57.7%	57.0%	1.0% pts

Note:

(1) Source: Nielsen Media Research for 2013 estimates

In 1Q-2014, 3,000 households were added to our triple hubbing services households to reach 230,000 households as at 31 March 2014. This was 6.4% higher than a year ago. As a ratio of total hubbing households, the triple services households grew to 29.8% as at 31 March 2014 from 27.7% a year ago.

The ratio of households who subscribed to two or more services as at 31 March 2014 was 58.0% of total hubbing households, up from 57.0% a year ago.

3. GROUP CASH FLOW STATEMENT

	Quarter ended 31 Mar	
	2014 S\$m	2013 S\$m
Operating Activities		
Profit before taxation	105.6	109.7
Adjustments for :		
Depreciation and amortisation (net of asset grants)	66.6	68.1
Loss / (Profit) on disposal of fixed assets	0.0	(0.1)
Income related grants	(12.1)	(15.1)
Share-based payments expenses	1.8	2.2
Changes in fair value of financial instruments	0.9	(0.8)
Net finance expenses	4.9	4.3
Other non-cash items	0.2	0.2
Operating cash flow before working capital changes	168.0	168.5
Changes in working capital	3.9	(13.8)
Income tax (paid) / refund	0.1	(16.0)
Net cash from operating activities	171.9	138.7
Investing Activities		
Proceeds from disposal of fixed assets	0.3	0.1
Purchase of fixed assets	(67.4)	(46.6)
Interest received	0.5	0.5
Net cash used in investing activities	(66.6)	(46.0)
Financing Activities		
Proceeds from exercise of share options	0.3	0.2
Grants received	15.3	-
Finance expenses paid	(8.5)	(7.9)
Net cash used in financing activities	7.1	(7.7)
Net change in cash and cash equivalents	112.4	85.0
Exchange difference on cash and cash equivalents	0.0	0.2
Cash and cash equivalents at beginning of the period	266.9	312.0
Cash and cash equivalents at end of the period	379.3	397.3

YoY, net cash from operating activities were up S\$33.2 million to S\$171.9 million for the quarter, mainly due to S\$0.1 million income tax refund and positive working capital changes of S\$3.9 million in 1Q-2014 as against income tax paid of S\$16.0 million and negative working capital changes of S\$13.8 million in 1Q-2013.

This quarter's positive working capital changes were primarily due to lower inventories from the sales of handsets, offset by lower net balance due to related parties, and trade and other payables.

Net cash outflow from investing activities were S\$66.6 million for the quarter, up from S\$46.0 million in 1Q-2013. The increase was due to higher CAPEX payments of S\$67.4 million when compared to S\$46.6 million in 1Q-2013 as a result of higher work orders completion and scheduled milestone payments for our infrastructure and systems expansion and enhancement programs. As a percentage of revenue, CAPEX payments was higher at 11.8% for the quarter, up from 8.0% in 1Q-2013.

The higher net cash from operating activities was more than sufficient to fund the higher CAPEX payments this quarter, which led to free cash flow being higher at S\$104.6 million, an increase of S\$12.5 million or 13.5% when compared to 1Q-2013.

Net cash from financing activities were an inflow of S\$7.1 million in 1Q-2014 as compared to an outflow of S\$7.7 million in 1Q-2013, largely due to the grant receipts of S\$15.3 million this quarter (nil in 1Q-2013).

Consequently, net change in cash & cash equivalents this quarter was higher at S\$112.4 million when compared to S\$85.0 million in 1Q-2013. With a lower opening cash balance at the beginning of the period, the Group's cash and cash equivalents were lower at S\$379.3 million as at 31 March 2014, compared to S\$397.3 million a year ago.

Capital expenditure commitments

As of 31 March 2014, the Group's total outstanding capital expenditure commitments totaled S\$341.6 million. The outstanding commitments comprised mainly commitments for the 4G spectrum rights of S\$120 million, new business support systems, expansion and enhancement of our Broadband, Pay TV, international and domestic network infrastructure and systems.

4. STATEMENT OF FINANCIAL POSITION

	Group		Company	
	31 Mar 14 S\$m	31 Dec 13 S\$m	31 Mar 14 S\$m	31 Dec 13 S\$m
Non-current assets				
Property, plant and equipment	873.0	857.4	392.8	384.1
Intangible assets	379.4	380.6	89.4	92.1
Subsidiaries	-	-	1,692.1	1,692.1
Balances with related parties	-	-	101.0	123.0
	1,252.4	1,238.0	2,275.2	2,291.3
Current assets				
Inventories	24.9	43.2	18.9	36.7
Trade receivables	124.7	123.5	112.4	108.5
Other receivables, deposits and prepayments	143.8	154.4	30.3	29.8
Balances with related parties	27.2	24.0	124.8	111.3
Cash and cash equivalents	379.3	266.9	299.1	207.5
	699.8	612.0	585.4	493.8
Less:				
Current liabilities				
Trade and other payables	762.7	753.7	316.1	335.3
Balances with related parties	69.1	76.5	449.0	402.8
Provision for taxation	100.3	71.4	47.7	35.0
	932.0	901.6	812.7	773.1
Net current (liabilities)/assets	(232.2)	(289.6)	(227.3)	(279.3)
Non-current liabilities				
Trade and other payables	25.9	28.9	25.9	28.9
Borrowings	687.5	687.5	687.5	687.5
Deferred income	16.3	21.3	-	-
Deferred tax liabilities	120.8	128.0	72.2	75.8
	850.5	865.7	785.5	792.2
Net assets	169.7	82.7	1,262.4	1,219.8
Shareholders' equity				
Share capital	274.9	271.4	274.9	271.4
Reserves	(105.2)	(188.7)	987.5	948.4
Total equity	169.7	82.7	1,262.4	1,219.8

GROUP BALANCE SHEET REVIEW

The Group's total non-current assets rose from S\$1,238.0 million as at 31 December 2013 to S\$1,252.4 million as at 31 March 2014. The increase of S\$14.4 million was attributed to higher net book values for property, plant and equipment of S\$15.6 million, offset by lower net book value for intangible assets of S\$1.2 million.

Compared to 31 December 2013, total current assets were up S\$87.8 million to S\$699.8 million as at 31 March 2014. Higher cash and cash equivalents, balances with related parties and trade receivables were offset by lower inventories and other receivables, deposits and prepayments.

Total current liabilities were higher at S\$932.0 million as at 31 March 2014 when compared to S\$901.6 million as at 31 December 2013. The increase of S\$30.4 million was primarily due to higher provision for taxation driven by higher taxable profits and adjustment for under-provision of prior year's tax assessment.

Total non-current liabilities were S\$15.2 million lower at S\$850.5 million, with lower deferred tax liabilities of S\$7.2 million, deferred income of S\$5.0 million and trade and other payables of S\$3.0 million.

The Group's shareholders' equity was up S\$87.0 million to S\$169.7 million as at 31 March 2014 due mainly to profits retained in the business and increased in share capital for employee share options and share plans.

5. GROUP UNSECURED BORROWINGS

Unsecured borrowings	31 Mar 14 S\$m	31 Dec 13 S\$m
Amount repayable after one year		
Bank loans	467.5	467.5
Medium term note	220.0	220.0
Total	687.5	687.5

As at 31 March 2014, the Group's total borrowings remained unchanged at S\$687.5 million when compared to 31 December 2013.

Net debt at S\$308.2 million as at 31 March 2014 was S\$112.4 million or 26.7% lower compared to 31 December 2013, primarily due to higher cash balances. As a percentage of 2013 EBITDA, the Group's net debt was 0.42 times as at 31 March 2014, down from 0.57 times as at 31 December 2013.

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	Translation reserve S\$m	Retained profits S\$m	Total reserves S\$m	Total equity S\$m
At 1 Jan 2014	271.4	(0.2)	(276.3)	15.0	(4.2)	0.3	76.7	(188.7)	82.7
Total comprehensive income for the period									
Profit for the period	-	-	-	-	-	-	84.2	84.2	84.2
Other comprehensive income									
Foreign currency translation differences	-	-	-	-	-	0.1	-	0.1	0.1
Effective portion of changes in fair value of cash flow hedge (net of taxation)	-	-	-	-	0.7	-	-	0.7	0.7
Total comprehensive income for the period	-	-	-	-	0.7	0.1	84.2	85.0	85.0
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	3.6	-	-	(3.3)	-	-	-	(3.3)	0.3
Share-based payments expenses	-	-	-	1.8	-	-	-	1.8	1.8
Total transactions with equity holders of the Company	3.6	-	-	(1.5)	-	-	-	(1.5)	2.1
At 31 Mar 2014	274.9	(0.2)	(276.3)	13.5	(3.5)	0.4	160.9	(105.2)	169.7
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									
Foreign currency translation differences	-	-	-	-	-	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

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 2014	271.4	(0.2)	276.5	15.0	(4.2)	661.3	948.4	1,219.8
Total comprehensive income for the period								
Profit for the period	-	-	-	-	-	39.9	39.9	39.9
Other comprehensive income								
Effective portion of changes in fair value of cash flow hedge (net of taxation)	-	-	-	-	0.7	-	0.7	0.7
Total comprehensive income for the period	-	-	-	-	0.7	39.9	40.6	40.6
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	3.6	-	-	(3.3)	-	-	(3.3)	0.3
Share-based payments expenses	-	-	-	1.8	-	-	1.8	1.8
Total transactions with equity holders of the Company	3.6	-	-	(1.5)	-	-	(1.5)	2.1
At 31 Mar 2014	274.9	(0.2)	276.5	13.5	(3.5)	701.2	987.5	1,262.4
At 1 Jan 2013	263.1	(0.2)	276.5	13.7	(7.0)	681.2	964.2	1,227.3
Total comprehensive income for the period								
Profit for the period	-	-	-	-	-	60.1	60.1	60.1
Other comprehensive income								
Effective portion of changes in fair value of cash flow hedge (net of taxation)	-	-	-	-	0.0	-	0.0	0.0
Total comprehensive income for the period	-	-	-	-	0.0	60.1	60.1	60.1
Transactions with equity holders of the Company, recognised directly in equity								
<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

7. CHANGES IN COMPANY'S SHARE CAPITAL

Share Capital

As at 31 March 2014, the share capital of the Company was S\$274.9 million comprising 1,723,020,575 issued ordinary shares (excluding treasury shares). As at 31 December 2013, this was S\$271.4 million or 1,721,412,710 ordinary shares (excluding treasury shares).

Issue of new shares

For the quarter ended 31 March 2014, the Company issued a total of 1,607,865 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:	1Q 2014
For the exercise of options by participants pursuant to the Company's share option plans (exercise price ranged from S\$0.96 to S\$1.52)	194,485
For payout to participants of the Company's Performance and Restricted Share Plans via the transfer from the Company's share-based payment reserve	1,413,380
Total	1,607,865

Treasury Shares

There was no movement in treasury shares for the quarter. The treasury share balance as at 31 March 2014 was S\$0.2 million comprising 72,788 ordinary shares, or 0.004% of issued share capital excluding treasury shares (31 March 2013: 72,788 ordinary shares or 0.004% of issued share capital excluding treasury shares).

Outstanding Shares – Employees' Share-Based Plans

Share Option Plans

As at 31 March 2014, the outstanding balance of unexercised options under the Company's share option plans totaled 624,145 (31 March 2013: 1,429,434) or 0.04% of the total issued shares in the capital of the Company.

Performance Share Plan

As at 31 March 2014, the outstanding balance of conditional awards under the Performance Share Plan was 2,806,666 ordinary shares (31 March 2013: 1,769,900 ordinary shares).

Restricted Stock Plan

As at 31 March 2014, the outstanding balance of conditional awards under the Restricted Stock Plan was 5,848,400 ordinary shares (31 March 2013: 3,315,200 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 2013.

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 2014. The adoption of these new/revised FRSs and INT FRSs does not result in substantial changes to the Group's and the Company's accounting policies and has no material effect on the amounts reported for the current or prior periods.

11. CHANGES IN ACCOUNTING POLICIES AND ESTIMATES

Not applicable.

12. GROUP EARNINGS PER ORDINARY SHARE

	Quarter ended 31 Mar	
	2014	2013
Basic		
Earnings per share	4.9 cents	5.3 cents
Weighted average number of shares ('000)	1,722,952	1,719,226
Diluted		
Earnings per share	4.9 cents	5.3 cents
Weighted average number of shares ('000)	1,732,074	1,725,315

13. NET ASSET VALUE PER ORDINARY SHARE

	Group		Company	
	31 Mar 2014	31 Dec 2013	31 Mar 2014	31 Dec 2013
Net asset value per share	9.8 cents	4.8 cents	73.3 cents	70.9 cents

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

Compared to 1Q-2013, the Group's service revenue was 0.6% lower in 1Q-2014. This was lower compared to our guidance of service revenue expected to grow in the low single-digit range.

This quarter's EBITDA margin at 32.6% of service revenue was above our guidance of EBITDA margin at about 32% of service revenue.

CAPEX payments for the quarter at 11.8% of total revenue were lower than our guidance for 2014 at about 13% of total revenue.

15. GROUP OUTLOOK

We continue to see growth in the Group's revenue from our core telco businesses of fixed network and mobile services. The growth from mobile business will come from the increase of customers upgrading to new smart devices and our tiered data subscription plans. We also expect our penetration in the enterprise segment to drive growth in our mobile business. In addition, we expect to grow our fixed network services for the enterprise segment as we continue to expand our enterprise solutions and services to meet the Information and Communications Technology needs of corporate and SME customers.

In the home segment, we expect to see a stable PayTV business while the intense competition for the residential broadband market will continue to place pricing pressure on the residential broadband revenue.

Based on the current outlook, and barring any unforeseen circumstances, we maintain our guidance and expect the Group's 2014 service revenue to grow in the low single-digit range and Group EBITDA margin to be about 32% on service revenue. Total CAPEX payments in 2014 are expected to be about 13% of our total revenue. We intend to maintain our annual cash dividend payout of 20 cents per ordinary share for 2014.

Some of the statements in this release constitute "forward-looking statements" that do not directly or exclusively relate to historical facts. These forward-looking statements reflect our current intentions, plans, expectations, assumptions and beliefs about future events and are subject to risks, uncertainties and other factors, many of which are outside our control. Important factors that could cause actual results to differ materially from the expectations expressed or implied in the forward-looking statements include known and unknown risks. Because actual results could differ materially from our intentions, plans, expectations, assumptions and beliefs about the future, you are urged to view all forward-looking statements contained in this release with caution.

16. DIVIDENDS

(a) Current financial period reported on

Any dividend recommended for the current financial period reported on? Yes

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

(b) Corresponding period of the immediately preceding financial year

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

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

(c) Date payable

The interim dividend will be paid on 30 May 2014.

(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 May 2014 ("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 May 2014 ("Entitlement Date") will be registered to determine members' entitlement to the interim dividend. Subject as aforesaid, persons whose securities accounts with The Central Depository (Pte) Limited are credited with ordinary shares in the capital of the Company as at 5.00 p.m. on the Entitlement Date will be entitled to the interim dividend.

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

Not applicable.

18. INTERESTED PERSON TRANSACTIONS

	Aggregate value of all interested person transactions conducted under a shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual (excluding transactions less than S\$100,000) 1 January 2014 to 31 March 2014 S\$m
Transactions for the Sale of Goods & Services	
Singapore Technologies Engineering Ltd & its associates	0.2
Singapore Telecommunications Limited & its associates	10.9
TeleChoice International Ltd & its associates	0.3
Temasek Holdings (Private) Limited & its associates (other than those disclosed above)	0.3
	11.6
Transactions for the Purchase of Goods & Services	
CapitaLand Limited & its associates	0.3
Singapore Power Limited & its associates	6.4
Singapore Technologies Engineering Ltd & its associates	2.4
Singapore Telecommunications Limited & its associates	19.7
TeleChoice International Ltd & its associates	39.6
Temasek Holdings (Private) Limited & its associates (other than those disclosed above)	0.6
	69.0

There are no interested person transactions (excluding transactions less than S\$100,000 and transactions conducted under a shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual) entered into by StarHub Ltd and its subsidiaries for the period 1 January to 31 March 2014.

19. NEGATIVE ASSURANCE CONFIRMATION

The Directors confirm that, to the best of their knowledge, nothing has come to the attention of the Board of Directors which may render the above unaudited financial results for the first quarter ended 31 March 2014 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 May 2014