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## **STARHUB LTD**

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### **Announcement of Unaudited Results for the First Quarter ended 31 March 2015**

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StarHub is pleased to announce our unaudited results for the first quarter ended 31 March 2015.

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**Results for the First Quarter ended 31 March 2015**


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

	Quarter ended 31 Mar			
	2015 S\$m	2014 S\$m	Incr/ (Decr) S\$m	%
Total revenue	617.9	571.4	46.5	8.1
Operating expenses	(534.7)	(472.9)	61.8	13.1
Other income	10.7	12.1	(1.4)	(10.6)
<b>Profit from operations</b>	<b>93.9</b>	<b>110.5</b>	<b>(16.6)</b>	<b>(15.0)</b>
Finance income	0.6	0.6	0.0	(0.4)
Finance expenses <sup>(1)</sup>	(4.2)	(5.5)	(1.3)	(23.5)
<b>Profit before taxation</b>	<b>90.3</b>	<b>105.6</b>	<b>(15.3)</b>	<b>(14.5)</b>
Taxation	(16.6)	(21.4)	(4.8)	(22.5)
<b>Profit for the period</b>	<b>73.7</b>	<b>84.2</b>	<b>(10.5)</b>	<b>(12.4)</b>
Attributable to:				
Equity holders of the Company	73.7	84.2	(10.5)	(12.4)
	<b>73.7</b>	<b>84.2</b>	<b>(10.5)</b>	<b>(12.4)</b>
<b>EBITDA</b>	<b>162.1</b>	<b>177.1</b>	<b>(15.0)</b>	<b>(8.5)</b>
<b>EBITDA as a % of service revenue</b>	<b>30.0%</b>	<b>32.6%</b>	<b>-2.6% pts</b>	
<b>Free Cash Flow <sup>(2)</sup></b>	<b>(46.3)</b>	<b>104.6</b>	<b>(150.9)</b>	<b>nm</b>
<i>Profit from operations is arrived after charging the following:</i>				
<i>Allowance for doubtful receivables and bad debts written off</i>	3.8	3.8	(0.0)	0.2
<i>Depreciation and amortisation (net of asset grants)</i>	68.1	66.6	1.5	2.3
<i>Foreign currency exchange loss</i>	2.9	0.2	2.7	nm

nm – Not meaningful

**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			
	2015 S\$m	2014 S\$m	Incr/(Decr) S\$m	%
<b>Profit for the period</b>	<b>73.7</b>	<b>84.2</b>	<b>(10.5)</b>	<b>(12.4)</b>
Other comprehensive income				
Items that are or may be reclassified subsequently to profit or loss:				
Foreign currency translation differences	0.4	0.1	0.3	nm
Effective portion of changes in fair value of cash flow hedge	1.3	0.7	0.6	90.0
Other comprehensive income for the period (net of taxation)	1.7	0.8	0.9	123.6
<b>Total comprehensive income for the period</b>	<b>75.4</b>	<b>85.0</b>	<b>(9.6)</b>	<b>(11.2)</b>
Attributable to:				
Equity holders of the Company	75.4	85.0	(9.6)	(11.2)
	<b>75.4</b>	<b>85.0</b>	<b>(9.6)</b>	<b>(11.2)</b>

nm – Not meaningful

### 1.3 GROUP PERFORMANCE REVIEW FOR THE PERIOD ENDED 31 MARCH 2015

#### (A) Revenue

	Quarter ended 31 Mar					
	2015		2014		Incr / (Decr)	
Total revenue	S\$m	% mix	S\$m	% mix	S\$m	%
Mobile revenue	305.4	49.4	305.9	53.6	(0.5)	(0.2)
Pay TV revenue	96.0	15.6	93.8	16.4	2.2	2.4
Broadband revenue	48.1	7.8	53.9	9.4	(5.8)	(10.8)
Fixed Network Services revenue	90.9	14.7	90.2	15.8	0.7	0.8
Total service revenue	540.4	87.5	543.8	95.2	(3.4)	(0.6)
Sale of equipment	77.5	12.5	27.6	4.8	49.9	180.9
Total	617.9	100.0	571.4	100.0	46.5	8.1

Compared to 1Q last year, the Group's total revenue for the quarter ended 31 March 2015 was S\$46.5 million or 8.1% higher at S\$617.9 million. The increase was mainly attributed to higher revenue from equipment sales as the demand for new smartphones remained strong. Revenue from sale of equipment this quarter was up S\$49.9 million to S\$77.5 million.

For 1Q-2015, the Group's service revenue was 0.6% lower year-on-year (YoY) at S\$540.4 million due to lower Broadband revenue which continued to be impacted by price competition. Revenue from Pay TV service was S\$2.2 million higher at S\$96.0 million from higher subscriber base while Fixed Network service revenue was up S\$0.7 million at S\$90.9 million for the quarter, contributed by higher Data & Internet revenue. Mobile service revenue at S\$305.4 million for the quarter was 0.2% lower when compared to 1Q-2014. The weaker Pre-paid services revenue was mitigated by higher revenue from Post-paid services.

#### (B) Operating expenses

	Quarter ended 31 Mar			
	2015	2014	Incr / (Decr)	
Operating expenses	S\$m	S\$m	S\$m	%
Cost of sales	286.6	221.5	65.1	29.4
Other operating expenses	248.1	251.4	(3.3)	(1.3)
Total	534.7	472.9	61.8	13.1

Total operating expenses for the quarter was up 13.1% YoY at S\$534.7 million, with increase driven mainly by higher cost of sales.

As a percentage of revenue, total operating expenses were higher at 86.5% in 1Q-2015, up from 82.8% in the corresponding period last year.

Details of total operating expenses are as follows:

**(i) Cost of sales**

	Quarter ended 31 Mar			
	2015	2014	Incr / (Decr)	
<b>Cost of sales</b>	<b>S\$m</b>	<b>S\$m</b>	<b>S\$m</b>	<b>%</b>
Cost of equipment sold	157.0	87.4	69.6	79.6
Cost of services	95.0	95.2	(0.2)	(0.3)
Traffic expenses	34.6	38.8	(4.2)	(10.9)
<b>Total</b>	<b>286.6</b>	<b>221.5</b>	<b>65.1</b>	<b>29.4</b>

Against 1Q-2014, this quarter's cost of sales at S\$286.6 million was S\$65.1 million or 29.4% higher, due mainly to higher cost of equipment sold.

The strong demand for new smartphones drove handsets sales higher, which resulted in cost of equipment sold increasing 79.6% or S\$69.6 million to S\$157.0 million in 1Q-2015.

Cost of services at S\$95.0 million for the quarter was comparable to the corresponding period last year. Higher NGNBN service costs were mitigated by lower Pay TV programming costs and fixed network services costs.

Traffic expenses for the quarter were S\$4.2 million or 10.9% lower at S\$34.6 million when compared to 1Q-2014, primarily due to lower international traffic volume.

**(ii) Other operating expenses**

	Quarter ended 31 Mar			
	2015	2014	Incr / (Decr)	
<b>Other operating expenses</b>	<b>S\$m</b>	<b>S\$m</b>	<b>S\$m</b>	<b>%</b>
Staff costs	66.6	67.1	(0.5)	(0.8)
Operating leases	20.0	32.6	(12.6)	(38.5)
Marketing and promotions	39.7	39.4	0.3	0.7
Allowance for doubtful receivables	3.8	3.8	(0.0)	0.2
Repair and maintenance	21.8	20.0	1.8	9.0
Other expenses	28.1	21.9	6.2	28.1
Sub total	180.0	184.8	(4.8)	(2.6)
Depreciation and amortisation (net of asset grants)	68.1	66.6	1.5	2.3
<b>Total</b>	<b>248.1</b>	<b>251.4</b>	<b>(3.3)</b>	<b>(1.3)</b>

For the quarter, other operating expenses were 1.3% lower at S\$248.1 million. This was due to lower operating leases, offsetting the higher expenses from repair and maintenance, other expenses and depreciation and amortisation.

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

Operating leases

Operating leases for the quarter were lower at S\$20.0 million due to the reversal of excess accruals for international capacity leases which have been concluded at lower prices.

Repair and maintenance

Repair and maintenance increased S\$1.8 million to S\$21.8 million for the quarter, on account of our expanded fixed and mobile network infrastructure and support systems.

Other expenses

Other expenses increased S\$6.2 million to S\$28.1 million as a result of higher exchange losses due to the stronger USD, and increased professional and outsourcing expenses.

**(C) Other income**

This quarter's other income at S\$10.7 million was S\$1.4 million lower when compared to 1Q-2014, due to lower NGNBN adoption grant claimed.

**(D) Profitability**

Profit from operations at S\$93.9 million for the quarter was S\$16.6 million or 15.0% lower when compared to 1Q-2014, impacted by the higher amount of handset subsidies as an increased number of new and re-contract customers signed up for the new smartphones. For the year, total handset subsidies are expected to remain at around the 2014 level.

EBITDA for this quarter was 8.5% lower YoY at S\$162.1 million. As a percentage of service revenue, EBITDA margin in 1Q-2015 was lower at 30.0% when compared to 32.6% in 1Q-2014.

For the quarter, finance income was maintained at S\$0.6 million while finance expenses were comparatively lower at S\$4.2 million as 1Q-2014 expenses included facility fees for new bank loan facilities.

Against 1Q-2014, profit before taxation decreased by S\$15.3 million or 14.5% to S\$90.3 million.

This quarter's taxation at S\$16.6 million was 22.5% lower when compared to 1Q-2014. Effective tax rate for the quarter was approximately 18.0%, due mainly to certain non-deductible expenses for tax purposes.

For the quarter, profit after taxation was 12.4% lower at S\$73.7 million.

## 2. BUSINESS REVIEW

### Mobile Services

	Quarter ended 31 Mar			
	2015	2014	Incr / (Decr)	
	S\$m	S\$m	S\$m	%
Mobile revenue	305.4	305.9	(0.5)	(0.2)

	Quarter ended		
	31 Mar 2015	31 Dec 2014	31 Mar 2014
<b>Mobile operating statistics</b>			
Number of registered customers (in thousands)			
Post-paid	1,301	1,277	1,229
Pre-paid	846	871	1,120
Total	2,147	2,147	2,349
Monthly minutes of use per registered customer			
Post-paid	232	245	255
Pre-paid	304	313	317
ARPU with IDD included (S\$ per month)			
Post-paid <sup>(1)</sup>	68	71	66
Pre-paid	18	19	16
Non-voice service as a contribution to ARPU			
Post-paid <sup>(1)</sup>	56.6%	53.0%	49.8%
Pre-paid	25.9%	24.0%	21.9%
Average monthly churn rate (post-paid)	0.9%	1.1%	0.8%
Singapore mobile penetration <sup>(2)</sup>	148.0%	148.0%	156.3%
Market Share <sup>(2)</sup>	26.5%	26.5%	27.8%

**Note:**

(1) Restated to exclude internal revenue

(2) Source : IDA (As at February 2015)

Mobile service revenue for the quarter was S\$0.5 million lower at S\$305.4 million when compared to 1Q-2014. The decrease was due to lower revenue from Pre-paid mobile services impacted by reduced customer base. This was mitigated by higher revenue from Post-paid mobile services, which registered higher subscription revenue from a larger customer base and higher billings from excess data usages, offset by lower voice and roaming usages, and lower inter-connection revenue from carriers.

Post-paid mobile services

As at 31 March 2015, Post-paid mobile subscriber base was 1,301,000 subscribers after the quarter's net addition of 24,700 subscribers. Compared to a year ago, Post-paid customer base expanded by 72,700 customers or 5.9%. 62% of these subscribers are on tiered data mobile subscription plans, compared to 52% a year ago.

Post-paid mobile ARPU was higher at S\$68 in this quarter compared to S\$66 in 1Q-2014. The higher Post-paid ARPU in 1Q-2015 was driven by new 4G tiered data plans with higher monthly subscriptions and higher data usage from the expanded base of customers on tiered data plans.

Post-paid non-voice as a percentage of Post-paid mobile ARPU was higher at 56.6% in this quarter when compared to 49.8% in 1Q-2014.

Monthly average Post-paid mobile churn was marginally higher at 0.9% for the quarter, compared to 0.8% in 1Q-2014.

Pre-paid mobile services

As at 31 March 2015, Pre-paid mobile customer base was 846,000 customers after the quarter's net churn of 25,100 customers. Compared to a year ago, Pre-paid customer base contracted 24.5% as cards expired and the 3 SIM cards per customer restriction, which came into effect on 1 April 2014, impacted the Pre-paid customer base.

Compared to 1Q-2014, Pre-paid mobile ARPU was S\$2 higher at S\$18 for the quarter due to the lower customer base. Pre-paid non-voice component as a percentage of Pre-paid mobile ARPU was 25.9% in 1Q-2015, compared to 21.9% in the corresponding period last year.



**Pay TV Services**

	Quarter ended 31 Mar			
	2015	2014	Incr / (Decr)	
	S\$m	S\$m	S\$m	%
Pay TV revenue	96.0	93.8	2.2	2.4

Pay TV operating statistics	Quarter ended		
	31 Mar	31 Dec	31 Mar
	2015	2014	2014
Number of residential Pay TV customers (in thousands)	545	542	533
ARPU (S\$ per month) <sup>(1)</sup>	51	52	51
Average monthly churn rate	0.7%	0.8%	0.9%
StarHub's penetration	41.3%	41.5%	42.1%

Note:

(1) Restated to exclude internal revenue

Pay TV service revenue increased 2.4% to S\$96.0 million for the quarter, mainly due to higher subscription revenue from a larger customer base.

As at 31 March 2015, our Pay TV subscriber base was 545,000 subscribers after the quarter's net addition of 2,300 subscribers. Compared to a year ago, Pay TV base was higher by 11,400 customers or 2.1% increase.

Pay TV ARPU was maintained at S\$51 in 1Q-2015 when compared to 1Q-2014.

Compared to 1Q last year, this quarter's monthly average churn reduced to 0.7%, largely attributable to our proactive customer retention initiatives, and attractive content packaging and hubbing bundles.

**Broadband Services**

	Quarter ended 31 Mar			
	2015	2014	Incr / (Decr)	
	S\$m	S\$m	S\$m	%
Broadband revenue	48.1	53.9	(5.8)	(10.8)

Broadband operating statistics	Quarter ended		
	31 Mar	31 Dec	31 Mar
	2015	2014	2014
Number of residential total broadband customers - subscription-based (in thousands)	473	469	451
Number of total fibre broadband customers - subscription-based (in thousands)	193	179	127
ARPU (S\$ per month) <sup>(1)</sup>	33	33	39
Average monthly churn rate	0.8%	0.8%	1.0%

Note:

(1) Restated to exclude internal revenue

Compared to 1Q-2014, Broadband service revenue decreased 10.8% to S\$48.1 million for the quarter, largely impacted by price competition which lowered subscription revenue from both re-contracting and new customers. This depressed Broadband ARPU which recorded S\$33 for this quarter, down from S\$39 in 1Q last year.

As at 31 March 2015, Broadband residential subscriber base was 473,000 subscribers after the quarter's net addition of 3,300 subscribers. Compared to a year ago, the Broadband subscriber base was higher by 21,500 customers or 4.8% increase.

Broadband average monthly churn remained low at 0.8% for the quarter, due to our proactive retention programs and promotional service bundles.

**Fixed Network Services**

	Quarter ended 31 Mar			
	2015	2014	Incr / (Decr)	
<b>Fixed Network Services Revenue</b>	<b>S\$m</b>	<b>S\$m</b>	<b>S\$m</b>	<b>%</b>
Data & Internet	78.1	76.6	1.5	2.0
Voice services	12.8	13.6	(0.8)	(6.1)
<b>Total</b>	<b>90.9</b>	<b>90.2</b>	<b>0.7</b>	<b>0.8</b>

Fixed Network service revenue was up 0.8% to S\$90.9 million for the quarter, with increase attributed to higher Data & Internet services revenue, offset by lower Voice services revenue.

Compared to 1Q-2014, Data & Internet service revenue was up 2.0% to S\$78.1 million for the quarter, contributed by higher take-up for our Internet services.

Year-on-year, Voice service revenue was lower at S\$12.8 million in 1Q-2015 when compared to S\$13.6 million in 1Q-2014 due to lower local voice services revenue, impacted by price erosions and market competition, as well as reduced IDD usages.

**Hubbing (Multi-Service Households)**

Hubbing Metrics	As at			YoY
	31 Mar 2015	31 Dec 2014	31 Mar 2014	Incr/(Decr) %
Total Singapore occupied homes (in thousands, estimated) <sup>(1)</sup>	1,230	1,230	1,210	1.7
Total hubbing households with at least one service of post-paid mobile, pay TV and/or broadband services (in thousands)	775.8	774.3	772.0	0.5
Percentage of total hubbing households which subscribe to any two services	28.4%	28.3%	28.2%	0.2% pts
Percentage of total hubbing households which subscribe to all three services	31.6%	31.3%	29.8%	1.8% pts
Percentage of total hubbing households which subscribe to two or more services	60.0%	59.6%	58.0%	2.0% pts

Note:

(1) Source: Nielsen Media Research for 2014 estimates

For the quarter, we continue to see higher take-up of our HomeHub packages which led to households subscribing to at least one of our hubbing services to increase to 775,800 households, up from 772,000 households a year ago.

Our triple services households, as a percentage of total hubbing households, expanded to 31.6% as at 31 March 2015, up from 29.8% a year ago. Our triple hubbing services households totaled 245,000 households as at 31 March 2015 after the quarter's net addition of 2,900 households. Compared to a year ago, this was higher by 14,500 households or 6.3%.

The percentage of households who subscribed to two or more services was strong at 60.0% as at 31 March 2015, up from 58.0% of total hubbing households a year ago.

### 3. GROUP CASH FLOW STATEMENT

	Quarter ended 31 Mar	
	2015 S\$m	2014 S\$m
<b>Operating Activities</b>		
Profit before taxation	90.3	105.6
Adjustments for :		
Depreciation and amortisation (net of asset grants)	68.1	66.6
Income related grants	(10.7)	(12.1)
Share-based payments expenses	2.1	1.8
Changes in fair value of financial instruments	-	0.9
Net finance expenses	3.6	4.9
Other non-cash items	0.2	0.2
Operating cash flow before working capital changes	153.6	168.0
Changes in working capital	(82.5)	3.9
Income tax (paid) / refund	(21.0)	0.1
<b>Net cash from operating activities</b>	<b>50.1</b>	<b>171.9</b>
<b>Investing Activities</b>		
Proceeds from disposal of fixed assets	0.2	0.3
Purchase of fixed assets	(96.4)	(67.4)
Interest received	0.6	0.5
<b>Net cash used in investing activities</b>	<b>(95.6)</b>	<b>(66.6)</b>
<b>Financing Activities</b>		
Proceeds from exercise of share options	0.1	0.3
Grants received	12.7	15.3
Finance expenses paid	(7.2)	(8.5)
<b>Net cash used in financing activities</b>	<b>5.6</b>	<b>7.1</b>
<b>Net change in cash and cash equivalents</b>	<b>(39.9)</b>	<b>112.4</b>
Exchange difference on cash and cash equivalents	0.2	0.0
Cash and cash equivalents at beginning of the period	264.2	266.9
<b>Cash and cash equivalents at end of the period</b>	<b>224.5</b>	<b>379.3</b>

Compared to 1Q-2014, the Group's net cash from operating activities in 1Q-2015 was S\$121.8 million lower at S\$50.1 million. The decrease was mainly due to lower cash flows from operations, higher working capital needs and income tax paid.

This quarter's negative working capital changes of S\$82.5 million were attributed to lower trade and other payables, and net balance due to related parties. This was mitigated by lower inventories, trade receivables, other receivables, deposits and prepayments.

Net cash outflow from investing activities was S\$95.6 million this quarter, arising mainly from CAPEX payments. As a percentage of revenue, total CAPEX payments, excluding MediaHub project, were at 15.2% in 1Q-2015.

Free cash flow was at a deficit of S\$46.3 million for the quarter, as compared to S\$104.6 million in the corresponding period last year. The unfavourable YoY change was attributed to lower cash flow from operating activities and higher CAPEX payments in the current quarter.

Net cash inflow from financing activities amounted to S\$5.6 million this quarter. This was S\$1.5 million lower compared to 1Q-2014, due to lower grants receipts of S\$2.6 million and proceeds from exercise of share options of S\$0.2 million, mitigated by lower finance expenses paid of S\$1.3 million.

As at 31 March 2015, the Group's cash and cash equivalents amounted to S\$224.5 million, down from S\$379.3 million a year ago.

#### Capital expenditure commitments

As of 31 March 2015, the Group's total outstanding capital expenditure commitments amounted to S\$409.3 million. The outstanding commitments include those for the 4G spectrum rights, MediaHub project, support systems, expansion and enhancement of our infrastructure and network systems for all our lines of businesses.

## 4. STATEMENT OF FINANCIAL POSITION

	Group		Company	
	31 Mar 15 S\$m	31 Dec 14 S\$m	31 Mar 15 S\$m	31 Dec 14 S\$m
<b>Non-current assets</b>				
Property, plant and equipment	909.3	911.1	400.0	400.5
Intangible assets	396.9	404.5	74.2	79.3
Subsidiaries	-	-	1,692.1	1,692.1
Balances with related parties	-	-	84.0	106.0
	<b>1,306.2</b>	<b>1,315.6</b>	<b>2,250.3</b>	<b>2,277.9</b>
<b>Current assets</b>				
Inventories	37.0	42.4	31.6	36.8
Trade receivables	160.7	161.7	149.9	147.7
Other receivables, deposits and prepayments	174.2	185.9	37.4	34.0
Balances with related parties	17.8	17.4	329.8	272.6
Cash and cash equivalents	224.5	264.2	130.4	176.0
	<b>614.2</b>	<b>671.6</b>	<b>679.1</b>	<b>667.1</b>
Less:				
<b>Current liabilities</b>				
Trade and other payables	683.6	795.8	272.3	342.9
Balances with related parties	75.8	99.2	398.7	385.6
Borrowings	200.0	200.0	200.0	200.0
Provision for taxation	106.0	97.9	40.2	35.5
	<b>1,065.4</b>	<b>1,192.9</b>	<b>911.2</b>	<b>964.0</b>
<b>Net current liabilities</b>	<b>(451.2)</b>	<b>(521.3)</b>	<b>(232.1)</b>	<b>(296.9)</b>
<b>Non-current liabilities</b>				
Trade and other payables	20.7	23.3	20.7	23.3
Borrowings	487.5	487.5	487.5	487.5
Deferred income	5.3	7.3	-	-
Deferred tax liabilities	114.9	127.2	61.8	75.9
	<b>628.4</b>	<b>645.3</b>	<b>570.0</b>	<b>586.7</b>
<b>Net assets</b>	<b>226.6</b>	<b>149.0</b>	<b>1,448.2</b>	<b>1,394.3</b>
<b>Shareholders' equity</b>				
Share capital	285.9	282.6	285.9	282.6
Reserves	(59.3)	(133.6)	1,162.3	1,111.7
<b>Total equity</b>	<b>226.6</b>	<b>149.0</b>	<b>1,448.2</b>	<b>1,394.3</b>

## GROUP BALANCE SHEET REVIEW

As at 31 March 2015, the Group's non-current assets amounted to S\$1,306.2 million, a decrease of S\$9.4 million compared to S\$1,315.6 million as at 31 December 2014. The

decrease was attributed to lower net book values in property, plant and equipment, as well as intangible assets.

Total current assets decreased from S\$671.6 million as at 31 December 2014 to S\$614.2 million as at 31 March 2015. The decrease of S\$57.4 million was primarily due to lower cash and cash equivalents, other receivables, deposits and prepayments, and inventories balances. The reduction in other receivables, deposits and prepayments of S\$11.7 million was mainly attributed to lower grants receivables (grant income received in 1Q-2015) and accrued revenue.

Compared to 31 December 2014, total current liabilities were S\$127.5 million lower at S\$1,065.4 million as at 31 March 2015. The decrease was mainly due to lower trade and other payables of S\$112.2 million, and balance due to related parties of S\$23.4 million, offset by higher provision for taxation of S\$8.1 million. The reduction in trade and other payables, and balances due to related parties were due to settlement of vendors' invoices, coupled with staff bonus payments in 1Q-2015.

Total non-current liabilities decreased S\$16.9 million to S\$628.4 million as at 31 March 2015, largely due to lower trade and other payables, deferred income and deferred tax liabilities.

The Group's shareholders' equity was up S\$77.6 million to S\$226.6 million as at 31 March 2015, contributed by higher share capital and retained profits.

## 5. GROUP UNSECURED BORROWINGS

<b>Unsecured borrowings</b>	<b>31 Mar 15 S\$m</b>	<b>31 Dec 14 S\$m</b>
Amount repayable in one year or less		
Bank loans	200.0	200.0
	200.0	200.0
Amount repayable after one year		
Bank loans	267.5	267.5
Medium term note	220.0	220.0
	487.5	487.5
<b>Total</b>	<b>687.5</b>	<b>687.5</b>

As at 31 March 2015, the Group's total borrowings remained unchanged at S\$687.5 million when compared to 31 December 2014.

Against 31 December 2014, net debt as at 31 March 2015 was S\$39.7 million higher at S\$463.0 million, due to lower cash balances. As a percentage of 2014 EBITDA, the Group's net debt was higher at 0.62 times as at 31 March 2015 when compared to 0.57 times as at 31 December 2014.



## 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 2015	282.6	-	(276.3)	13.4	(1.4)	0.8	129.9	(133.6)	149.0
<b>Total comprehensive income for the period</b>									
Profit for the period	-	-	-	-	-	-	73.7	73.7	73.7
Other comprehensive income									
Foreign currency translation differences	-	-	-	-	-	0.4	-	0.4	0.4
Effective portion of changes in fair value of cash flow hedge (net of taxation)	-	-	-	-	1.3	-	-	1.3	1.3
<b>Total comprehensive income for the period</b>	-	-	-	-	1.3	0.4	73.7	75.4	75.4
<b>Transactions with equity holders of the Company, recognised directly in equity</b>									
<i>Contributions by and distributions to equity holders of the Company</i>									
Issue of shares pursuant to share plans	3.3	-	-	(3.2)	-	-	-	(3.2)	0.1
Share-based payments expenses	-	-	-	2.1	-	-	-	2.1	2.1
<b>Total transactions with equity holders of the Company</b>	3.3	-	-	(1.1)	-	-	-	(1.1)	2.2
At 31 Mar 2015	285.9	-	(276.3)	12.3	(0.1)	1.2	203.6	(59.3)	226.6
At 1 Jan 2014	271.4	(0.2)	(276.3)	15.0	(4.2)	0.3	104.6	(160.8)	110.6
<b>Total comprehensive income for the period</b>									
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
<b>Total comprehensive income for the period</b>	-	-	-	-	0.7	0.1	84.2	85.0	85.0
<b>Transactions with equity holders of the Company, recognised directly in equity</b>									
<i>Contributions by and distributions to equity holders of the Company</i>									
Issue of shares pursuant to share plans	3.6	-	-	(3.3)	-	-	-	(3.3)	0.3
Share-based payments expenses	-	-	-	1.8	-	-	-	1.8	1.8
<b>Total transactions with equity holders of the Company</b>	3.6	-	-	(1.5)	-	-	-	(1.5)	2.1
At 31 Mar 2014	274.9	(0.2)	(276.3)	13.5	(3.5)	0.4	188.8	(77.3)	197.6

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

Company	Share capital S\$m	Treasury shares S\$m	Merger/ Capital reserve S\$m	Share-based payments reserve S\$m	Hedging reserve S\$m	Retained profits S\$m	Total reserves S\$m	Total equity S\$m
At 1 Jan 2015	282.6	-	276.5	13.4	(1.4)	823.2	1,111.7	1,394.3
<b>Total comprehensive income for the period</b>								
Profit for the period	-	-	-	-	-	50.4	50.4	50.4
Other comprehensive income								
Effective portion of changes in fair value of cash flow hedge (net of taxation)	-	-	-	-	1.3	-	1.3	1.3
<b>Total comprehensive income for the period</b>	-	-	-	-	1.3	50.4	51.7	51.7
<b>Transactions with equity holders of the Company, recognised directly in equity</b>								
<i>Contributions by and distributions to equity holders of the Company</i>								
Issue of shares pursuant to share plans	3.3	-	-	(3.2)	-	-	(3.2)	0.1
Share-based payments expenses	-	-	-	2.1	-	-	2.1	2.1
<b>Total transactions with equity holders of the Company</b>	3.3	-	-	(1.1)	-	-	(1.1)	2.2
At 31 Mar 2015	285.9	-	276.5	12.3	(0.1)	873.6	1,162.3	1,448.2
At 1 Jan 2014	271.4	(0.2)	276.5	15.0	(4.2)	661.3	948.4	1,219.8
<b>Total comprehensive income for the period</b>								
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
<b>Total comprehensive income for the period</b>	-	-	-	-	0.7	39.9	40.6	40.6
<b>Transactions with equity holders of the Company, recognised directly in equity</b>								
<i>Contributions by and distributions to equity holders of the Company</i>								
Issue of shares pursuant to share plans	3.6	-	-	(3.3)	-	-	(3.3)	0.3
Share-based payments expenses	-	-	-	1.8	-	-	1.8	1.8
<b>Total transactions with equity holders of the Company</b>	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

## 7. CHANGES IN COMPANY'S SHARE CAPITAL

### Share Capital

As at 31 March 2015, the share capital of the Company was S\$285.9 million comprising 1,727,532,834 issued ordinary shares (excluding treasury shares). As at 31 December 2014, this was S\$282.6 million or 1,726,321,609 ordinary shares (excluding treasury shares).

#### Issue of new shares

For the quarter ended 31 March 2015, the Company issued a total of 1,211,225 new ordinary shares to participants pursuant to the Company's obligations under its share options and share-based plans as follows:

<b>Number of new ordinary shares issued:</b>	<b>1Q 2015</b>
For the exercise of options by participants pursuant to the Company's share option plans (exercise price at S\$1.52)	56,225
For payout to participants of the Company's Performance and Restricted Share Plans via the transfer from the Company's share-based payment reserve	1,155,000
<b>Total</b>	<b>1,211,225</b>

#### Treasury Shares

As at 31 March 2015, the Company does not hold any treasury shares (31 March 2014: 72,788 treasury shares or 0.004% of issued share capital excluding treasury shares).

There was no purchase of shares from the market in the current and comparative periods.

### Outstanding Shares – Share Options and Share-Based Plans

#### Share Option Plans

As at 31 March 2015, the outstanding balance of unexercised options under the Company's share option plans totaled 172,936 (31 March 2014: 624,145) or 0.01% of the total issued shares in the capital of the Company.

#### Performance Share Plans

As at 31 March 2015, the outstanding balance of conditional awards under the Performance Share Plans was 1,598,800 ordinary shares (31 March 2014: 2,806,666 ordinary shares).

#### Restricted Stock Plans

As at 31 March 2015, the outstanding balance of conditional awards under the Restricted Stock Plans was 5,351,400 ordinary shares (31 March 2014: 5,848,400 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 in the financial statements for the current financial period consistent with those of the audited financial statements for the year ended 31 December 2014.

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 2015.

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	
	2015	2014
<b>Basic</b>		
Earnings per share	4.3 cents	4.9 cents
Weighted average number of shares ('000)	1,727,124	1,722,952
<b>Diluted</b>		
Earnings per share	4.3 cents	4.9 cents
Weighted average number of shares ('000)	1,734,200	1,732,074

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

	Group		Company	
	31 Mar 2015	31 Dec 2014	31 Mar 2015	31 Dec 2014
Net asset value per share	13.1 cents	8.6 cents	83.8 cents	80.8 cents

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

For the quarter ended 31 March 2015, the Group's service revenue decreased 0.6% YoY. This was lower when compared to our guidance for full year service revenue to grow in the low single-digit range.

1Q-2015 EBITDA margin at 30.0% of service revenue was below our guidance of EBITDA margin at about 32% of service revenue for the year.

Total CAPEX payments, excluding MediaHub project, totaled 15.2% of total revenue. This was above our guidance for 2015 CAPEX to be at about 13% of total revenue.

#### 15. GROUP OUTLOOK

The Group's revenue growth will continue to be driven mainly by our fixed and mobile services in the enterprise segment where we see more upside opportunities. We expect to see increasing adoption of our improved suite of cloud-based and diversified connectivity solutions over our own fixed network infrastructure. As the penetration of NGNBN to commercial premises improves, we are able to reach Small and Medium Businesses and offer them fixed network services over and above the mobile services we have been providing. In our overall Mobile business, the increasing base of customers on tiered data plans will see monetisation of mobile data improve as data consumption continues to grow.

We expect increasing take-up of our HomeHub packages (which offers TV, broadband, voice and mobile data services in one single price plan) to continue to underpin our growth and differentiate us especially in our Pay TV and Broadband businesses. We will continue to enhance these packages, so as to drive more hubbing services to our customers.

Price competition is expected to continue in the broadband space.

Based on the current outlook, and barring any unforeseen circumstances, we expect our Group's 2015 service revenue to grow in the low single-digit range. 2015 Group EBITDA margin is expected to be about 32% on service revenue. Excluding the payment for MediaHub projects, our CAPEX payments in 2015 are expected to be about 13% of our total revenue. We intend to maintain our annual cash dividend of 20 cents per ordinary share for 2015.

***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 5 June 2015.

## (d) Book closure date

Notice is hereby given that the Register of Members and the Transfer Books of the Company will be closed on 26 May 2015 ("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 25 May 2015 ("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 2015 to 31 March 2015 S\$m
<b>Transactions for the Sale of Goods &amp; Services</b>	
SIA Engineering Company Limited and its associates	0.1
Singapore Telecommunications Limited & its associates	7.4
TeleChoice International Ltd & its associates	39.9
Temasek Holdings (Private) Limited & its associates (other than those disclosed above)	0.4
	47.8
<b>Transactions for the Purchase of Goods &amp; Services</b>	
SembCorp Industries Ltd & its associates	1.8
Singapore Power Limited & its associates	6.5
Singapore Technologies Engineering Ltd & its associates	0.5
Singapore Telecommunications Limited & its associates	19.2
STT Communications Ltd and its associates	2.5
TeleChoice International Ltd & its associates	44.4
Temasek Holdings (Private) Limited & its associates (other than those disclosed above)	0.4
	75.3

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 and its subsidiaries for the period 1 January to 31 March 2015.

**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 2015 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  
15 May 2015