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STARHUB LTD

Announcement of Unaudited Results for the First Quarter ended 31 March 2016

StarHub is pleased to announce the unaudited results for the first quarter ended 31 March 2016.

Results for the First Quarter ended 31 March 2016

1. GROUP INCOME AND COMPREHENSIVE INCOME STATEMENTS

1.1 GROUP INCOME STATEMENT

	Quarter ended 31 Mar			
	2016	2015	Incr/ (Decr)	
	S$m	S$m	S$m	%
Total revenue	590.9	617.9	(27.0)	(4.4)
Operating expenses	(485.9)	(534.7)	(48.8)	(9.1)
Other income	12.6	10.7	1.9	17.3
Profit from operations	**117.6**	**93.9**	**23.7**	**25.2**
Finance income	0.5	0.6	(0.1)	(17.7)
Finance expenses [1]	(5.2)	(4.2)	1.0	23.5
	112.9	**90.3**	**22.6**	**25.0**
Share of loss of associate (net of tax)	(0.2)	-	(0.2)	-
Profit before taxation	**112.7**	**90.3**	**22.4**	**24.9**
Taxation	(19.9)	(16.6)	3.3	20.3
Profit for the period	**92.8**	**73.7**	**19.1**	**25.9**
Attributable to:				
Equity holders of the Company	92.8	73.7	19.1	25.9
	92.8	**73.7**	**19.1**	**25.9**
EBITDA	**183.4**	**162.1**	**21.3**	**13.2**
EBITDA as a % of service revenue	**33.8%**	**30.0%**	**3.8% pts**	
Free Cash Flow [2]	**89.9**	**(46.3)**	**136.2**	**nm**
Profit from operations is arrived after charging the following:				
Allowance for doubtful receivables and bad debts written off	*4.3*	*3.8*	*0.5*	*13.2*
Depreciation and amortisation (net of asset grants)	*65.7*	*68.1*	*(2.4)*	*(3.5)*
Changes in fair value of financial instruments	*7.1*	*-*	*7.1*	*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			
	2016	2015	Incr/(Decr)	
	S$m	S$m	S$m	%
Profit for the period	**92.8**	**73.7**	**19.1**	**25.9**
Other comprehensive income				
Items that are or may be reclassified subsequently to profit or loss:				
Foreign currency translation differences	0.1	0.4	(0.3)	(82.9)
Effective portion of changes in fair value of cash flow hedge	(0.3)	1.3	(1.6)	nm
Other comprehensive income for the period (net of taxation)	(0.2)	1.7	(1.9)	nm
Total comprehensive income for the period	**92.6**	**75.4**	**17.2**	**22.8**
Attributable to:				
Equity holders of the Company	92.6	75.4	17.2	22.8
	92.6	**75.4**	**17.2**	**22.8**

nm – Not meaningful

1.3 GROUP PERFORMANCE REVIEW FOR THE PERIOD ENDED 31 MARCH 2016

(A) Revenue

	Quarter ended 31 Mar					
	2016		2015		Incr / (Decr)	
Total revenue	**S$m**	**% mix**	**S$m**	**% mix**	**S$m**	**%**
Mobile	298.1	50.4	305.4	49.4	(7.3)	(2.4)
Pay TV	94.9	16.1	96.0	15.6	(1.1)	(1.2)
Broadband	53.5	9.1	48.1	7.8	5.4	11.3
Enterprise Fixed	95.8	16.2	90.9	14.7	4.9	5.4
Total service revenue	542.3	91.8	540.4	87.5	1.9	0.4
Sale of equipment	48.6	8.2	77.5	12.5	(28.9)	(37.3)
Total	590.9	100.0	617.9	100.0	(27.0)	(4.4)

For the quarter ended 31 March 2016, the Group's total revenue at S$590.9 million was S$27.0 million or 4.4% lower compared to 1Q-2015. The decrease was primarily due to lower revenue from sale of equipment. Service revenue was S$1.9 million higher at S$542.3 million in 1Q-2016 from Broadband and Enterprise Fixed services which registered revenue increases YoY, offset by lower revenue from Mobile and Pay TV services.

Mobile service revenue was 2.4% lower at S$298.1 million from lower post-paid and pre-paid revenue in the quarter. Pay TV service revenue decreased 1.2% to S$94.9 million due to lower subscriber base. Broadband service revenue grew 11.3% to S$53.5 million, driven by increased take-up of higher speed plans which contributed to a S$3 increase in ARPU. Enterprise Fixed service revenue was up by 5.4% to S$95.8 million in 1Q-2016, mainly due to data & internet services.

In 1Q-2016, revenue from sale of equipment was down by 37.3% to S$48.6 million. This was mainly due to lower volume of handsets sold at a lower average selling price, attributed to a comparatively lower mix of high end models.

(B) Operating expenses

	Quarter ended 31 Mar			
	2016	2015	Incr / (Decr)	
Operating expenses	**S$m**	**S$m**	**S$m**	**%**
Cost of sales	230.0	286.6	(56.6)	(19.7)
Other operating expenses	255.9	248.1	7.8	3.1
Total	485.9	534.7	(48.8)	(9.1)

Total operating expenses decreased by S$48.8 million or 9.1% YoY to S$485.9 million in 1Q-2016. The decrease was mainly due to lower cost of sales, offset by increase in other operating expenses.

As a percentage of revenue, total operating expenses was 82.2% in 1Q-2016 compared to 86.5% in 1Q-2015.

A breakdown of total operating expenses is as follows:

(i) Cost of sales

Cost of sales	Quarter ended 31 Mar 2016 S$m	2015 S$m	Incr / (Decr) S$m	%
Cost of equipment sold	104.2	157.0	(52.8)	(33.6)
Cost of services	92.8	95.0	(2.2)	(2.3)
Traffic expenses	33.0	34.6	(1.6)	(4.6)
Total	230.0	286.6	(56.6)	(19.7)

Cost of sales in 1Q-2016 was S$56.6 million or 19.7% lower at S$230.0 million when compared to 1Q-2015, due mainly to lower cost of equipment sold.

Lower volume and change in sales mix towards the low to mid end models resulted in cost of equipment decreasing 33.6% YoY to S$104.2 million in 1Q-2016.

Cost of services at S$92.8 million in 1Q-2016 was S$2.2 million lower compared to 1Q-2015. Lower Pay TV programming and production costs, offset by higher installation costs driven by increased customers' take-up of fibre broadband plans were the main contributing factors to the lower cost of services YoY.

Compared to 1Q-2015, traffic expenses decreased 4.6% to S$33.0 million in 1Q-2016, as a result of lower mobile traffic.

(ii) Other operating expenses

Other operating expenses	Quarter ended 31 Mar 2016 S$m	2015 S$m	Incr / (Decr) S$m	%
Staff costs	67.7	66.6	1.1	1.6
Operating leases	31.5	20.0	11.5	57.5
Marketing and promotions	32.6	39.7	(7.1)	(18.0)
Allowance for doubtful receivables	4.3	3.8	0.5	13.2
Repair and maintenance	26.1	21.8	4.3	19.9
Other expenses	28.0	28.1	(0.1)	(0.4)
Sub total	190.2	180.0	10.2	5.7
Depreciation and amortisation (net of asset grants)	65.7	68.1	(2.4)	(3.5)
Total	255.9	248.1	7.8	3.1

Total other operating expenses in 1Q-2016 were 3.1% higher at S$255.9 million as the 1Q-2015 expenses was lowered by the reversal of accruals for operating leases no longer required. Excluding this, there was no material increase in other operating expenses in this quarter when compared to 1Q-2015. As a percentage of revenue, other operating expenses was higher at 43% in 1Q-2016, up from 42% in 1Q-2015, excluding the impact of reversal of accruals no longer required.

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

Staff costs
Staff costs increased S$1.1 million or 1.6% YoY to S$67.7 million, due to higher temporary staff costs and annual salary increment.

Operating leases
There was no material increase in operating leases in 1Q-2016 at S$31.5 million when compared to 1Q-2015 which was lowered by the reversal of accruals for international capacity lease no longer required.

Marketing and promotions
Marketing and promotions was lower by 18.0% at S$32.6 million in 1Q-2016 due mainly to lower acquisition and re-contract costs driven by lower sales volume.

Allowance for doubtful receivables
Compared to 1Q-2015, allowance for doubtful receivables in 1Q-2016 was S$0.5 million higher at S$4.3 million. As a percentage of service revenue, allowance for doubtful receivables was 0.8% in 1Q-2016, comparable to 0.7% in 1Q-2015.

Repair and maintenance
Repair and maintenance increased S$4.3 million or 19.9% to S$26.1 million. Higher provision for submarine cable repair costs in 1Q-2016 for cable cuts and increased maintenance costs driven by expanded network and systems infrastructure were the main contributing factors.

Other expenses
Other expenses at S$28.0 million were comparable to 1Q-2015. The higher foreign exchanges losses in 1Q-2016 were mitigated by lower utilities, professional and outsourcing fees, and higher costs recoveries from network construction.

(C) Other income

Other income was up S$1.9 million to S$12.6 million in 1Q-2016. The increasing take-up of the fibre broadband services drove the higher claims for the NGNBN adoption grant. This was offset by lower NGNBN rollout income as certain grants became fully amortised in 2015.

(D) Profitability

On the back of a steady service revenue of S$542.3 million in 1Q-2016, profit from operations was S$23.7 million or 25.2% higher at S$117.6 million. This was mainly due to the lower volume of subsidised handsets in the mobile business.

EBITDA was higher by S$21.3 million or 13.2% to S$183.4 million for the quarter. As a percentage of service revenue, EBITDA margin rose 3.8% points to 33.8% in 1Q-2016 as compared to 30.0% in 1Q-2015.

In 1Q-2016, finance income was S$0.1 million lower at S$0.5 million, and finance expenses was S$1.0 million higher at S$5.2 million due mainly to higher financing costs and interest expenses on bank borrowings.

Profit before taxation was S$22.4 million or 24.9% higher YoY at S$112.7 million in 1Q-2016. As a result, taxation expense was higher at S$19.9 million when compared to 1Q-2015.

Net profit after taxation at S$92.8 million was up by S$19.1 million or 25.9% when compared to 1Q-2015.

2. BUSINESS REVIEW

Mobile Services

	Quarter ended 31 Mar			
	2016	2015	Incr / (Decr)	
	S$m	S$m	S$m	%
Mobile revenue	298.1	305.4	(7.3)	(2.4)

	Quarter ended		
	31 Mar	31 Dec	31 Mar
Mobile operating statistics	2016	2015	2015
Number of registered customers (in thousands)			
Post-paid	1,344	1,325	1,301
Pre-paid	855	862	846
Total	2,198	2,188	2,147
Monthly minutes of use per registered customer			
Post-paid	215	220	232
Pre-paid	237	253	304
ARPU with IDD included (S$ per month)			
Post-paid	69	72	68
Pre-paid	17	17	18
Tiered data plans			
Percentage of total Post-paid customers	65.4%	64.6%	62.0%
Percentage of tiered data plan customers exceeding data bundles	22.0%	22.0%	22.0%
Post-paid non-voice service as a contribution to ARPU			
Total data	59.7%	58.2%	56.6%
Non-SMS data	53.5%	51.3%	49.3%
Average monthly churn rate (post-paid)	0.9%	1.2%	0.9%
Singapore mobile penetration (1)	148.8%	148.4%	148.2%
Market Share (1)	26.7%	26.6%	26.5%

Note:
(1) Source : IDA (As at February 2016)

Overall mobile service revenue was S$7.3 million or 2.4% lower YoY at S$298.1 million. This was primarily due to lower usage revenue from local voice as well as IDD and roaming services. The decrease was partly mitigated by increase in subscription revenue from the higher mobile subscriber base.

Post-paid mobile services

As at 31 March 2016, Post-paid mobile subscriber base was 1,344,000 subscribers after the quarter's net addition of 18,200 subscribers. Compared to a year ago, Post-paid customer base expanded by 42,400 customers or 3.3%. The percentage of customers on tiered data mobile subscription plans grew to 65.4% as at 31 March 2016, compared to 62.0% a year ago.

Post-paid mobile ARPU for the quarter was S$1 higher at S$69, due to an increasing mix of customers on the 4G tiered data plans and excess data usage, offset by lower revenue from IDD and roaming services. The percentage of tiered data customers exceeding their data bundle remained at 22%.

As a percentage of post-paid ARPU, post-paid non-voice was higher at 59.7% in 1Q-2016, up from 56.6% in the corresponding period last year.

The post-paid mobile monthly average churn at 0.9% in 1Q-2016 was comparable to 1Q-2015.

Pre-paid mobile services

As at 31 March 2016, Pre-paid mobile customer base was 855,000 customers after the quarter's net churn of 7,600 customers. Compared to a year ago, Pre-paid customer base was higher by 9,100 customers or 1.1% increase YoY.

Pre-paid mobile ARPU at S$17 was S$1 lower when compared to S$18 in 1Q-2015, primarily due to lower usage.

Pay TV Services

	Quarter ended 31 Mar			
	2016	2015	Incr / (Decr)	
	S$m	S$m	S$m	%
Pay TV revenue	94.9	96.0	(1.1)	(1.2)

	Quarter ended		
	31 Mar	31 Dec	31 Mar
Pay TV operating statistics	2016	2015	2015
Number of residential Pay TV customers (in thousands)	528	536	545
ARPU (S$ per month)	51	51	51
Average monthly churn rate	0.8%	0.8%	0.7%
StarHub's penetration	38.8%	39.7%	41.3%

Pay TV service revenue at S$94.9 million in 1Q-2016 was 1.2% lower when compared to 1Q-2015. The decrease in subscription revenue driven by a lower subscriber base was partially mitigated by higher advertising revenue.

As at 31 March 2016, Pay TV subscriber base was 528,000 subscribers after the quarter’s net churn of 8,400 subscribers. Compared to a year ago, Pay TV subscriber base decreased 17,200 subscribers or 3.2% YoY.

Pay TV ARPU remained steady at S$51 in 1Q-2016 when compared to 1Q-2015.

Pay TV monthly average churn was 0.8% in 1Q-2016, comparable to 0.7% in 1Q-2015.

Broadband Services

	Quarter ended 31 Mar			
	2016	2015	Incr / (Decr)	
	S$m	S$m	S$m	%
Broadband revenue	53.5	48.1	5.4	11.3

	Quarter ended		
	31 Mar	31 Dec	31 Mar
Broadband operating statistics	2016	2015	2015
Number of residential broadband customers - subscription-based (in thousands)	473	476	473
Number of fibre broadband customers - subscription-based (in thousands)	298	270	193
ARPU (S$ per month)	36	35	33
Average monthly churn rate	1.1%	1.1%	0.8%

Broadband service revenue at S$53.5 million in 1Q-2016 was 11.3% higher YoY. This was due to higher subscription revenue, installation and other revenue. An increased mix of customers on the fibre and higher speed plans drove the increase in subscription revenue and ARPU, which rose S$3 to S$36 per month in 1Q-2016.

As at 31 March 2016, the total residential broadband subscriber base was 473,000 subscribers, comparable to 1Q-2015.

Net customer churn in 1Q-2016 was 3,000 subscribers. Broadband average monthly churn was higher at 1.1% in 1Q-2016.

Total fibre broadband customer base at 298,000 subscribers was 54.4% higher than a year ago.

Enterprise Fixed Services

	Quarter ended 31 Mar			
	2016	2015	Incr / (Decr)	
Enterprise Fixed Revenue	S$m	S$m	S$m	%
Data & Internet	82.1	78.1	4.0	5.1
Voice services	13.7	12.8	0.9	7.2
Total	95.8	90.9	4.9	5.4

Revenue from enterprise fixed services grew S$4.9 million or 5.4% YoY to S$95.8 million in 1Q-2016, due mainly to data & internet services.

Against 1Q-2015, data & internet service revenue was up S$4.0 million or 5.1% to S$82.1 million, driven largely by increased demand for managed services by enterprise customers.

Voice service revenue was S$0.9 million higher at S$13.7 million in 1Q-2016 with higher traffic volume from international services.

Hubbing (Multi-Service Households)

Hubbing Metrics	As at 31 Mar 2016	31 Dec 2015	31 Mar 2015	YoY Incr/(Decr) %
Total hubbing households with at least one service of post-paid mobile, pay TV and/or broadband services (in thousands)	771.4	774.2	775.8	(0.6)
Percentage of total hubbing households which subscribe to any two services	27.7%	28.0%	28.4%	(0.7)% pts
Percentage of total hubbing households which subscribe to all three services	31.5%	31.7%	31.6%	(0.1)% pts
Percentage of total hubbing households which subscribe to two or more services	59.2%	59.7%	60.0%	(0.8)% pts
Total Singapore occupied homes (in thousands, estimated) [1]	1,245	1,245	1,230	1.2

Note:
(1) Source: Nielsen Media Research for 2015 estimates

As at 31 March 2016, the total number of households which subscribed to at least one of the hubbing service was 771,400 households. This was 4,400 households or 0.6% lower compared to a year ago.

Triple service households totaled 243,000 households as at 31 March 2016. This represented 31.5% of total hubbing households, comparable to a year ago.

The percentage of households which subscribed to two or more services was lower at 59.2% as at 31 March 2016 when compared to 60.0% in the corresponding period last year. We see strong customer interests in StarHub Go and HubLife, new services recently introduced to expand our hubbing services.

3. GROUP CASH FLOW STATEMENT

	Quarter ended 31 Mar	
	2016	**2015**
	S$m	**S$m**
Operating Activities		
Profit before taxation	112.7	90.3
Adjustments for :		
Depreciation and amortisation (net of asset grants)	65.7	68.1
Income related grants	(12.5)	(10.7)
Share-based payments expenses	2.0	2.1
Changes in fair value of financial instruments	7.1	-
Net finance expenses	4.7	3.6
Share of loss of associate (net of tax)	0.2	-
Others	0.2	0.2
Operating cash flow before working capital changes	180.1	153.6
Changes in working capital	(34.1)	(82.5)
Income tax paid	(14.3)	(21.0)
Net cash from operating activities	**131.7**	**50.1**
Investing Activities		
Proceeds from disposal of fixed assets	-	0.2
Purchase of fixed assets	(41.8)	(96.4)
Interest received	0.2	0.6
Net cash used in investing activities	**(41.6)**	**(95.6)**
Financing Activities		
Proceeds from exercise of share options	-	0.1
Grants received	12.2	12.7
Finance expenses paid	(5.0)	(7.2)
Net cash used in financing activities	**7.2**	**5.6**
Net change in cash and cash equivalents	**97.3**	**(39.9)**
Exchange difference on cash and cash equivalents	-	0.2
Cash and cash equivalents at beginning of the period	173.4	264.2
Cash and cash equivalents at end of the period	**270.7**	**224.5**

Against 1Q-2015, the Group's net cash from operating activities in 1Q-2016 was S$81.6 million higher at S$131.7 million. The increase was due to higher cash flows from operations, coupled with lower working capital needs and tax paid.

The Group's negative working capital changes of S$34.1 million in 1Q-2016 was mainly due to higher trade receivables and lower trade and other payables, and net balances due to related parties. This was mitigated by lower other receivables, deposits and prepayments.

Net cash outflow from investing activities was S$54.0 million lower at S$41.6 million, due mainly to lower CAPEX payments in 1Q-2016.

The Group's CAPEX payments at S$41.8 million in 1Q-2016 represented 7.1% of total revenue.

As a result of the higher cash from operating activities and reduced CAPEX payments, the Group's free cash flow was a positive S$89.9 million in 1Q-2016, compared to a deficit of S$46.3 million in 1Q-2015.

Net cash inflow from financing activities was S$1.6 million higher at S$7.2 million in 1Q-2016. This was due to lower finance expenses paid of S$2.2 million, offset by lower grants received of S$0.5 million.

The resulting net cash generated in 1Q-2016 was S$97.3 million which led to a higher cash and cash equivalents balance of S$270.7 million as at 31 March 2016, compared to S$224.5 million a year ago.

Capital expenditure commitments

As of 31 March 2016, the Group's total outstanding capital expenditure commitments amounted to S$305.8 million. The outstanding commitments included the balance of S$80 million for the 4G spectrum rights, capital expenditures committed for TV headend migration, IT and business support systems, expansion and enhancement of network infrastructure.

4. STATEMENT OF FINANCIAL POSITION

	Group		Company	
	31 Mar 16	31 Dec 15	31 Mar 16	31 Dec 15
	S$m	S$m	S$m	S$m
Non-current assets				
Property, plant and equipment	865.7	890.0	403.9	411.4
Intangible assets	383.0	388.1	69.3	70.6
Subsidiaries	-	-	2,076.1	1,758.1
Associate	27.4	27.5	27.8	27.8
Balances with related parties	-	-	-	344.2
	1,276.1	**1,305.6**	**2,577.1**	**2,612.1**
Current assets				
Inventories	53.3	54.3	49.2	50.1
Trade receivables	164.3	153.3	132.4	137.5
Other receivables, deposits and prepayments	185.1	196.8	40.7	34.1
Balances with related parties	14.9	26.0	217.1	110.8
Cash and cash equivalents	270.7	173.4	231.0	154.2
	688.3	**603.8**	**670.4**	**486.7**
Less:				
Current liabilities				
Trade and other payables	660.9	687.3	286.4	297.7
Balances with related parties	103.3	122.5	523.2	404.4
Borrowings	137.5	137.5	137.5	137.5
Provision for taxation	92.0	80.6	47.8	49.1
	993.7	**1,027.9**	**994.9**	**888.7**
Net current liabilities	**(305.4)**	**(424.1)**	**(324.5)**	**(402.0)**
Non-current liabilities				
Trade and other payables	22.7	22.7	22.7	22.7
Borrowings	550.0	550.0	550.0	550.0
Deferred income	1.5	1.1	1.5	1.1
Deferred tax liabilities	114.3	120.1	57.7	61.3
	688.5	**693.9**	**631.9**	**635.1**
Net assets	**282.2**	**187.6**	**1,620.7**	**1,575.0**
Shareholders' equity				
Share capital	296.1	293.5	296.1	293.5
Reserves	(13.9)	(105.9)	1,324.6	1,281.5
Total equity	**282.2**	**187.6**	**1,620.7**	**1,575.0**

GROUP BALANCE SHEET REVIEW

As at 31 March 2016, the Group's non-current assets was S$1,276.1 million, S$29.5 million lower than 31 December 2015. The decrease was mainly due to lower net book values for property, plant and equipment, and intangible assets.

Total current assets as at 31 March 2016 increased S$84.5 million to S$688.3 million when compared to 31 December 2015. Cash and cash equivalents and trade receivables was up by S$97.3 million and S$11.0 million respectively. This was offset by lower inventories, other receivables, deposits and prepayments, and balances due from related parties totaling S$23.8 million.

Total current liabilities decreased from S$1,027.9 million as at 31 December 2015 to S$993.7 million as at 31 March 2016. The decrease of S$34.2 million was due to lower trade and other payables, and balances due to related parties, offset by higher provision for taxation.

Total non-current liabilities amounted to S$688.5 million as at 31 March 2016. This was S$5.4 million lower compared to 31 December 2015, mainly due to lower deferred tax liabilities.

As at 31 March 2016, the Group's shareholders' equity rose by S$94.6 million to S$282.2 million when compared to 31 December 2015. This was mainly due to higher share capital of S$2.6 million and increased retained profits of S$92.8 million.

5. GROUP UNSECURED BORROWINGS

Unsecured borrowings	31 Mar 16 S$m	31 Dec 15 S$m
Amount repayable in one year or less		
Bank loans	137.5	137.5
	137.5	137.5
Amount repayable after one year		
Bank loans	330.0	330.0
Medium term note	220.0	220.0
	550.0	550.0
Total	**687.5**	**687.5**

As at 31 March 2016, the Group's total borrowings remained unchanged at S$687.5 million when compared to 31 December 2015.

Net debt was lower at S$416.8 million as at 31 March 2016, due to higher cash balances when compared to S$514.1 million as at 31 December 2015. As a ratio of 2015 EBITDA, the Group's net debt was lower at 0.58 times as at 31 March 2016 when compared to 0.72 times as at 31 December 2015.

6. STATEMENT OF CHANGES IN EQUITY

Group	Share capital 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 2016	**293.5**	**(276.3)**	**12.3**	**0.5**	**1.3**	**156.3**	**(105.9)**	**187.6**
Total comprehensive income for the period								
Profit for the period	-	-	-	-	-	92.8	92.8	92.8
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)	-	-	-	(0.3)	-	-	(0.3)	(0.3)
Total comprehensive income for the period	-	-	-	(0.3)	0.1	92.8	92.6	92.6
Transactions with equity holders of the Company, recognised directly in equity								
Contributions by and distributions to equity holders of the Company								
Issue of shares pursuant to share plans	2.6	-	(2.6)	-	-	-	(2.6)	-
Share-based payments expenses	-	-	2.0	-	-	-	2.0	2.0
Total transactions with equity holders of the Company	2.6	-	(0.6)	-	-	-	(0.6)	2.0
At 31 Mar 2016	**296.1**	**(276.3)**	**11.7**	**0.2**	**1.4**	**249.1**	**(13.9)**	**282.2**
At 1 Jan 2015	**282.6**	**(276.3)**	**13.4**	**(1.4)**	**0.8**	**129.9**	**(133.6)**	**149.0**
Total comprehensive income for the period								
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
Total comprehensive income for the period	-	-	-	1.3	0.4	73.7	75.4	75.4
Transactions with equity holders of the Company, recognised directly in equity								
Contributions by and distributions to equity holders of the Company								
Issue of shares pursuant to share plans	3.3	-	(3.2)	-	-	-	(3.2)	0.1
Share-based payments expenses	-	-	2.1	-	-	-	2.1	2.1
Total transactions with equity holders of the Company	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**

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

Company	Share capital 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 2016	**293.5**	**276.5**	**12.3**	**0.5**	**992.2**	**1,281.5**	**1,575.0**
<u>Total comprehensive income for the period</u>							
Profit for the period	-	-	-	-	44.0	44.0	44.0
Other comprehensive income							
Effective portion of changes in fair value of cash flow hedge (net of taxation)	-	-	-	(0.3)	-	(0.3)	(0.3)
Total comprehensive income for the period	-	-	-	(0.3)	44.0	43.7	43.7
<u>Transactions with equity holders of the Company, recognised directly in equity</u>							
Contributions by and distributions to equity holders of the Company							
Issue of shares pursuant to share plans	2.6	-	(2.6)	-	-	(2.6)	-
Share-based payments expenses	-	-	2.0	-	-	2.0	2.0
Total transactions with equity holders of the Company	2.6	-	(0.6)	-	-	(0.6)	2.0
At 31 Mar 2016	**296.1**	**276.5**	**11.7**	**0.2**	**1,036.2**	**1,324.6**	**1,620.7**
At 1 Jan 2015	**282.6**	**276.5**	**13.4**	**(1.4)**	**823.2**	**1,111.7**	**1,394.3**
<u>Total comprehensive income for the period</u>							
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
Total comprehensive income for the period	-	-	-	1.3	50.4	51.7	51.7
<u>Transactions with equity holders of the Company, recognised directly in equity</u>							
Contributions by and distributions to equity holders of the Company							
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
Total transactions with equity holders of the Company	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**

7. CHANGES IN COMPANY'S SHARE CAPITAL

Share Capital

As at 31 March 2016, the share capital of the Company was S$296.1 million comprising 1,730,539,043 issued ordinary shares. As at 31 December 2015, it was S$293.5 million comprising 1,729,795,128 ordinary shares.

Treasury Shares
As at 31 March 2016, the Company did not hold any treasury shares (31 March 2015: nil treasury shares).

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

Issue of new shares
For the quarter ended 31 March 2016, the Company issued a total of 743,915 new ordinary shares to participants as payout of the Company's Performance and Restricted Share Plans. This was done via the transfer of S$2.6 million from the Company's share-based payment reserve.

Outstanding Shares – Share Options and Share-Based Plans

Share Option Plans
As at 31 March 2016, there was no share options outstanding under the Company's share option plans as all outstanding unexercised options had lapsed on 30 May 2015 (31 March 2015: 172,936).

Performance Share Plans
As at 31 March 2016, the outstanding balance of conditional awards under the Performance Share Plans was 1,761,100 ordinary shares (31 March 2015: 1,598,800 ordinary shares).

Restricted Stock Plans
As at 31 March 2016, the outstanding balance of conditional awards under the Restricted Stock Plans was 5,524,644 ordinary shares (31 March 2015: 5,351,400 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 methods 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 2015.

In the current financial period, the Group and the Company have adopted all the new and revised Singapore Financial Reporting Standards (FRS) and Interpretations of FRSs (INT FRSs) that are relevant to its operations and effective for annual periods beginning on 1 January 2016.

The adoption of these new/revised FRSs and INT FRSs did 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	
	2016	**2015**
Basic		
Earnings per share	5.4 cents	4.3 cents
Weighted average number of shares ('000)	1,730,291	1,727,124
Diluted		
Earnings per share	5.3 cents	4.3 cents
Weighted average number of shares ('000)	1,737,577	1,734,200

13. NET ASSET VALUE PER ORDINARY SHARE

	Group		Company	
	31 Mar 2016	**31 Dec 2015**	**31 Mar 2016**	**31 Dec 2015**
Net asset value per share	16.3 cents	10.8 cents	93.7 cents	91.1 cents

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

For the quarter ended 31 March 2016, the Group's service revenue rose by 0.4% YoY. This was lower than our guidance of full year's service revenue to grow in the low single digit range.

1Q-2016 EBITDA margin was higher at 33.8% of service revenue as against our guidance of EBITDA margin at about 31% of service revenue for the year.

Total CAPEX payments in 1Q-2016 amounted to 7.1% of total revenue. Our guidance for 2016 CAPEX is expected to be at about 13% of total revenue, excluding the S$80 million spectrum payment.

15. GROUP OUTLOOK

In the Mobile business, the SIM-Only plans and the new value added service for additional 3GB data at a low monthly fee will contribute to lower subscription and excess data usage revenue. The changing customer usage of OTT (over-the-top) voice and data services will impact chargeable usage-based revenue, such as roaming & IDD services. However, we expect to see monetisation of mobile data from growing data usage by customers and take-up of other value added services. We plan to participate in the upcoming spectrum auction in the second half of 2016. As the effective date of this auctioned spectrum is in 2017, we do not expect this to have any material impact on the 2016 performance.

In the Broadband business, we expect the rising take up of higher speed plans and fibre broadband services to continue. We will continue to leverage on our cable broadband network to provide customers with network redundancy over the NGNBN. As previously guided, adoption grant income from fibre broadband on the NGNBN is expected to decrease in 2016 as the grant period expires. We have received strong interests from our customer trial launch of HubLife – a suite of SmartHome services.

Our recent announcement to acquire a 9.05% stake in mm2 Asia Ltd (mm2) will enable us to expand our pay TV offerings with more localised and original content for customers. In line with customer viewing requirements across multi-screens, we have complemented our linear TV services with "StarHub Go" – our OTT TV service. StarHub Go is available to both StarHub customers and non-StarHub subscribers, and allows customers to access our wide range of branded content at their own schedule and preferred devices at a low monthly fee.

In the enterprise business, despite the current weak economic conditions, we believe enterprises' need for greater diversity, cyber security, data analytics and productivity solutions will continue to spur demand for our enterprise fixed services. In addition, demand for mobility and cloud services are expected to grow.

Based on the current outlook, we maintain our guidance on the Group's 2016 service revenue to grow in the low single digit range and Group EBITDA margin at about 31% of service revenue. In 2016, CAPEX payment, excluding the S$80 million spectrum payment due in 2016, is expected to be at about 13% of the total revenue.

For 2016, we intend to maintain the annual cash dividend of 20 cents per ordinary share.

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 27 May 2016.

(d) Book closure date

Notice is hereby given that the Register of Members and the Transfer Books of the Company will be closed on 16 May 2016 (“Book Closure Date”) for the purpose of determining members’ entitlement to the interim dividend.

Duly completed registrable transfers received by the Company’s share registrar, M & C Services Private Limited, 112 Robinson Road, #05-01, Singapore 068902 up to the close of the business at 5.00 p.m. on 13 May 2016 (“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 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$100,000) **1 January 2016 to 31 March 2016** **S$m**
Transactions for the Sale of Goods & Services	
Singapore Airlines Limited & its associates	0.1
Singapore Technologies Engineering Ltd & its associates	1.7
Singapore Telecommunications Limited & its associates	6.1
TeleChoice International Ltd & its associates	30.0
Temasek Holdings (Private) Limited & its associates (other than those disclosed above)	0.3
	38.2
Transactions for the Purchase of Goods & Services	
CapitaLand Limited & its associates	0.2
SembCorp Industries Ltd & its associates	0.2
Singapore Power Limited & its associates	6.4
Singapore Technologies Engineering Ltd & its associates	5.3
Singapore Telecommunications Limited & its associates	17.4
TeleChoice International Ltd & its associates	78.7
Temasek Holdings (Private) Limited & its associates (other than those disclosed above)	3.5
	111.7

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 2016 to be false or misleading in any material aspects.

On behalf of the Board of Directors

Steven Terrell Clontz Director	Tan Tong Hai Director

Singapore
5 May 2016

20. CONFIRMATION THAT THE ISSUER HAS PROCURED UNDERTAKINGS FROM ALL ITS DIRECTORS AND EXECUTIVE OFFICERS

The Company confirms that it has procured undertakings from all its directors and executive officers under Rule 702(1) of the Listing Manual of Singapore Exchange Securities Trading Limited.