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STARHUB LTD

Announcement of Audited Results for the Full Year ended 31 December 2017

StarHub is pleased to announce the audited results for the full year ended 31 December 2017.

Results for the Fourth Quarter and Full Year ended 31 December 2017

1. GROUP INCOME AND COMPREHENSIVE INCOME STATEMENTS

1.1 GROUP INCOME STATEMENT

	Quarter ended 31 Dec				Full Year ended 31 Dec			
	2017	2016	Incr / (Decr)		2017	2016	Incr/ (Decr)	
	S$m	S$m	S$m	%	S$m	S$m	S$m	%
Total revenue	649.0	634.8	14.2	2.2	2,400.7	2,396.7	4.0	0.2
Operating expenses	(624.0)	(570.7)	53.3	9.3	(2,071.6)	(2,003.8)	67.8	3.4
Other income	0.7	4.6	(3.8)	(83.8)	4.4	32.2	(27.8)	(86.3)
Profit from operations	**25.8**	**68.7**	**(42.9)**	**(62.5)**	**333.5**	**425.1**	**(91.6)**	**(21.6)**
Finance income	1.1	0.8	0.3	38.3	3.7	3.5	0.2	5.4
Finance expense [(1)]	(7.3)	(7.4)	(0.0)	(0.5)	(29.9)	(26.2)	3.7	14.3
	19.6	**62.1**	**(42.6)**	**(68.5)**	**307.3**	**402.4**	**(95.1)**	**(23.6)**
Non-operating (expense) / income [(2)]	-	-	-	-	(0.7)	9.5	(10.1)	107.0
Share of loss of associate (net of tax)	(0.3)	(0.2)	0.0	19.7	(2.2)	(1.6)	0.6	36.7
Profit before taxation	**19.3**	**61.9**	**(42.6)**	**(68.9)**	**304.4**	**410.3**	**(105.9)**	**(25.8)**
Taxation	(4.9)	(7.9)	(3.0)	(37.5)	(54.8)	(68.9)	(14.1)	(20.4)
Profit for the period	**14.3**	**54.0**	**(39.7)**	**(73.5)**	**249.6**	**341.4**	**(91.8)**	**(26.9)**
Attributable to:								
Equity holders of the Company	14.1	54.0	(40.0)	(74.0)	249.0	341.4	(92.4)	(27.1)
Non-controlling interests	0.3	-	0.3	-	0.6	-	0.6	-
	14.3	**54.0**	**(39.7)**	**(73.5)**	**249.6**	**341.4**	**(91.8)**	**(26.9)**
EBITDA	**96.8**	**135.7**	**(38.8)**	**(28.6)**	**613.9**	**690.1**	**(76.2)**	**(11.0)**
EBITDA as % of service revenue	**16.9%**	**23.9%**	**-7.0% pts**		**27.9%**	**31.2%**	**-3.3% pts**	
Free Cash Flow [(3)]	**(31.7)**	**(45.4)**	**(13.7)**	**(30.1)**	**221.3**	**184.0**	**37.3**	**20.3**
Profit from operations is arrived after charging the following:								
Allowance for doubtful receivables and bad debts written off	*4.0*	*8.3*	*(4.3)*	*(51.2)*	*17.4*	*21.0*	*(3.6)*	*(17.3)*
Depreciation and amortisation (net of asset grants)	*71.1*	*67.0*	*4.1*	*6.1*	*280.4*	*265.0*	*15.4*	*5.8*
Foreign exchange (gain) / loss	*2.3*	*0.8*	*1.5*	*190.2*	*(0.1)*	*3.8*	*(3.9)*	*102.6*
Changes in fair value of financial instruments	*-*	*(0.6)*	*0.6*	*nm*	*-*	*1.2*	*(1.2)*	*nm*

nm – Not meaningful

Notes:
(1) Finance expense includes interest and other financing charges
(2) Non-operating (expense) / income refers to the fair value (loss) / gain on initial recognition of available-for-sale investment
(3) Free Cash Flow refers to net cash from operating activities less purchase of property, plant and equipment and intangible assets in the cash flow statement
(4) Numbers include the consolidation of Accel Systems & Technologies Pte Ltd (ASTL), a newly acquired subsidiary
(5) Numbers in all tables may not exactly add up due to rounding

1.2 GROUP COMPREHENSIVE INCOME STATEMENT

	Quarter ended 31 Dec				Full Year ended 31 Dec			
	2017	2016	Incr / (Decr)		2017	2016	Incr/ (Decr)	
	S$m	S$m	S$m	%	S$m	S$m	S$m	%
Profit for the period	**14.3**	**54.0**	**(39.7)**	**(73.5)**	**249.6**	**341.4**	**(91.8)**	**(26.9)**
Other comprehensive income								
Items that are or may be reclassified subsequently to profit or loss:								
Foreign currency translation differences	0.1	(0.1)	0.2	nm	0.1	-	0.1	-
Effective portion of changes in fair value of cash flow hedge	(2.4)	4.4	(6.7)	(154.3)	(14.5)	3.9	(18.4)	nm
Change in fair value of available-for-sale financial assets	2.3	4.4	(2.2)	(48.5)	5.6	12.5	(6.9)	(55.0)
Other comprehensive (loss) / income for the period (net of taxation)	(0.1)	8.7	(8.8)	(101.0)	(8.8)	16.4	(25.2)	153.9
Total comprehensive income for the period	**14.2**	**62.7**	**(48.5)**	**(77.3)**	**240.8**	**357.8**	**(117.0)**	**(32.7)**
Attributable to:								
Equity holders of the Company	14.0	62.7	(48.7)	(77.7)	240.2	357.8	(117.6)	(32.9)
Non-controlling interests	0.3	-	0.3	-	0.6	-	0.6	-
	14.2	**62.7**	**(48.5)**	**(77.3)**	**240.8**	**357.8**	**(117.0)**	**(32.7)**

nm – Not meaningful

1.3 GROUP PERFORMANCE REVIEW FOR THE PERIOD ENDED 31 DECEMBER 2017

(A) Revenue

Revenue	Quarter ended 31 Dec 2017 S$m	Quarter ended 31 Dec 2016 S$m	Incr / (Decr) S$m	Incr / (Decr) %	Full Year ended 31 Dec 2017 S$m	Full Year ended 31 Dec 2016 S$m	Incr/ (Decr) S$m	Incr/ (Decr) %
Mobile	301.0	311.8	(10.9)	(3.5)	1,196.9	1,214.6	(17.8)	(1.5)
Pay TV	86.9	93.9	(7.0)	(7.4)	348.9	377.8	(28.9)	(7.6)
Broadband	54.2	54.2	-	-	214.0	216.8	(2.9)	(1.3)
Enterprise Fixed	129.6	107.2	22.4	20.9	436.9	400.0	36.9	9.2
Service revenue	571.7	567.1	4.6	0.8	2,196.6	2,209.2	(12.6)	(0.6)
Sales of equipment	77.3	67.7	9.6	14.1	204.0	187.5	16.5	8.8
Total revenue	649.0	634.8	14.2	2.2	2,400.7	2,396.7	4.0	0.2

Revenue mix	Quarter ended 31 Dec 2017 Mix %	Quarter ended 31 Dec 2016 Mix %	Full Year ended 31 Dec 2017 Mix %	Full Year ended 31 Dec 2016 Mix %
Mobile	46.4	49.1	49.9	50.7
Pay TV	13.4	14.8	14.5	15.8
Broadband	8.3	8.5	8.9	9.0
Enterprise Fixed	20.0	16.9	18.2	16.7
Sales of equipment	11.9	10.7	8.5	7.8
Total	100.0	100.0	100.0	100.0

The Group's 4Q2017 total revenue of S$649.0 million was S$14.2 million or 2.2% higher YoY (year-on-year) mainly due to higher revenue from Enterprise Fixed services and sales of equipment. This was partially offset by lower Mobile and Pay TV service revenues. The total revenue for the full year of S$2,400.7 million remained stable with higher revenue from Enterprise Fixed services and sales of equipment, offset by lower revenue from Mobile, Pay TV and Broadband services.

Mobile service revenue for 4Q2017 was S$10.9 million or 3.5% lower YoY, mainly due to lower voice and IDD usage and lower plan subscription revenue driven by a higher mix of SIM only plans, partially mitigated by higher revenue from mobile value-added services (VAS). For the full year, Mobile service revenue decreased by 1.5% due to lower voice, IDD and roaming usage, coupled with lower plan subscription and interconnect revenues. This was partly offset by higher mobile VAS subscription and higher data and Enterprise SMS usage.

Pay TV service revenue for 4Q2017 and the full year decreased 7.4% and 7.6% YoY respectively. Broadband service revenue for 4Q2017 remained stable compared to last year but decreased by S$2.9 million for the full year. The decrease in revenue for both services was primarily due to lower subscriber base.

Compared to the corresponding periods last year, Enterprise Fixed service revenue for 4Q2017 and the full year grew by 20.9% and 9.2% respectively, mainly driven by managed services and the consolidation of Accel Systems & Technologies Pte Ltd's (ASTL) results. Excluding ASTL's results, Enterprise Fixed service revenue would be higher by 15.1% and 6.0% for 4Q2017 and the full year respectively.

Revenue from sales of equipment increased by 14.1% in 4Q2017 and 8.8% in the full year period, primarily due to higher sales of premium handsets.

(B) Operating expenses

	Quarter ended 31 Dec				Full Year ended 31 Dec			
	2017	2016	Incr / (Decr)		2017	2016	Incr/ (Decr)	
Operating expenses	S$m	S$m	S$m	%	S$m	S$m	S$m	%
Cost of sales	329.3	295.5	33.8	11.4	1,040.9	974.6	66.3	6.8
Other operating expenses	294.7	275.2	19.5	7.1	1,030.7	1,029.2	1.5	0.1
Total	624.0	570.7	53.3	9.3	2,071.6	2,003.8	67.8	3.4

For 4Q2017 and the full year period, the Group's total operating expenses grew by 9.3% and 3.4% respectively. The increase in both periods was due to higher cost of sales and other operating expenses.

A breakdown of total operating expenses is as follows:

(i) Cost of sales

	Quarter ended 31 Dec				Full Year ended 31 Dec			
	2017	2016	Incr / (Decr)		2017	2016	Incr/ (Decr)	
Cost of sales	S$m	S$m	S$m	%	S$m	S$m	S$m	%
Cost of equipment sold	175.8	159.1	16.7	10.5	475.6	447.8	27.8	6.2
Cost of services	137.6	111.8	25.8	23.0	464.4	409.5	55.0	13.4
Traffic expenses	15.9	24.6	(8.7)	(35.4)	100.9	117.3	(16.4)	(14.0)
Total	329.3	295.5	33.8	11.4	1,040.9	974.6	66.3	6.8

Cost of sales for 4Q2017 and the full year were higher by 11.4% and 6.8% respectively. This was attributed to higher cost of equipment sold and cost of services, partially mitigated by lower traffic expenses.

The increase in cost of equipment sold for both 4Q2017 and the full year was due to higher cost for premium handsets, while the increase in cost of services for both periods was primarily driven by higher managed services and fibre broadband cost.

Traffic expenses were lower mainly due to decreases in domestic and international traffic volume.

(ii) Other operating expenses

	Quarter ended 31 Dec				Full Year ended 31 Dec			
	2017	2016	Incr / (Decr)		2017	2016	Incr/ (Decr)	
Other operating expenses	**S$m**	**S$m**	**S$m**	**%**	**S$m**	**S$m**	**S$m**	**%**
Staff costs	84.7	73.6	11.0	15.0	282.5	281.4	1.1	0.4
Operating leases	40.1	28.7	11.4	39.9	129.2	116.1	13.1	11.3
Marketing and promotions	37.5	38.7	(1.2)	(3.2)	122.1	133.7	(11.6)	(8.6)
Allowance for doubtful receivables	4.0	8.3	(4.3)	(51.2)	17.4	21.0	(3.6)	(17.3)
Repair and maintenance	25.9	26.2	(0.3)	(1.3)	99.1	96.9	2.3	2.3
Other expenses	31.5	32.7	(1.2)	(3.7)	100.0	115.1	(15.1)	(13.1)
Subtotal	223.6	208.2	15.4	7.4	750.4	764.2	(13.9)	(1.8)
Depreciation and amortisation (net of asset grants)	71.1	67.0	4.1	6.1	280.4	265.0	15.4	5.8
Total	294.7	275.2	19.5	7.1	1,030.7	1,029.2	1.5	0.1

Total other operating expenses for 4Q2017 were S$19.5 million or 7.1% higher while expenses remained stable for the full year period. As a percentage of total revenue, other operating expenses increased to 45.4% in 4Q2017 when compared to 43.3% in 4Q2016. For the full year, other operating expenses as a percentage of total revenue remained unchanged at 42.9%.

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

Staff costs
Staff costs expense for 4Q2017 included provisions for certain staff benefits in order to rationalise and retain talent in recognition of the business challenges and operating conditions. Excluding this one-time provision and reversal of prior year accruals no longer required, staff costs expense for 4Q2017 would have remained stable YoY and decreased by 1.3% for the full year. The decline in staff cost expense for the full year was due to lower headcount and bonus expenses.

Operating leases
The increase in operating leases expense for both periods was mainly due to a one-off provision in 2017 and reversal of accruals no longer required in 2016. The one-off provision was for a leasing contract related to the cable network. Given plans to migrate cable customers to fibre broadband and IPTV services, the economic benefits expected from the lease is lower than the contractual cost. Excluding this one-off provision, operating leases expense for both 4Q2017 and the full year were lower by 11.5% and 10.7% respectively, mainly from lower duct lease rental.

Marketing and promotions
The marketing and promotions expense for both 4Q2017 and full year decreased by 3.2% and 8.6% respectively primarily driven by cost reduction initiatives to optimise marketing and promotions expense.

Allowance for doubtful receivables
Allowance for doubtful receivables was lower by S$4.3 million in 4Q2017 and S$3.6 million for the full year driven by improved collections.

Repair and maintenance
Repair and maintenance expense remained stable for 4Q2017 and increased by S$2.3 million for the full year, mainly driven by maintenance cost for new systems and network infrastructure.

Other expenses
Other expenses in 4Q2017 decreased by S$1.2 million or 3.7% YoY, largely attributed to lower licence fees, partially offset by foreign exchange loss and higher other miscellaneous expenses. For the full year, other expenses were lower by S$15.1 million or 13.1%, mainly due to lower licence fees, higher miscellaneous income and lower foreign exchange loss.

Depreciation and amortisation
Depreciation and amortisation expense was higher for both 4Q2017 and the full year mainly due the addition of 4G spectrum rights and the higher additions of intangible assets in 2017.

(C) Other income

Other income was S$3.8 million lower for 4Q2017 and S$27.8 million lower for the year mainly due to lower NBN grants. All rollout grants have been fully amortised and adoption grants from residential fibre take-up have been fully claimed in 2016.

(D) Profitability

Profit from operations decreased by S$42.9 million and S$91.6 million for 4Q2017 and the full year to S$25.8 million and S$333.5 million respectively. The decrease was mainly due to lower income grants and higher operating expenses, partially offset by higher total revenue.

For 4Q2017 and the full year, EBITDA was lower by S$38.8 million and S$76.2 million YoY respectively. Correspondingly, EBITDA margin as a percentage of service revenue declined 7.0% points to 16.9% in 4Q2017 and 3.3% points to 27.9% for the full year when compared to 23.9% and 31.2% in 4Q2016 and full year last year.

The finance income for both 4Q2017 and the full year increased by S$0.3 million and S$0.2 million YoY respectively. Finance expenses remained relatively stable in 4Q2017 while expenses increased S$3.7 million or 14.3% for the full year mainly due to the issuance of S$300.0 million medium term notes in 2Q2016.

The share of loss from associate remained stable for 4Q2017 but was higher by S$0.6 million for the year when compared to the corresponding periods last year.

As a result of lower profits from operations, profit before taxation in 4Q2017 was lower at S$19.3 million when compared to S$61.9 million in 4Q2016. Profit before taxation for the year decreased by S$105.9 million or 25.8% to S$304.4 million due to lower profits from operations, a one-time fair value gain of S$9.5 million in 2Q2016 and a fair value loss of S$0.7 million in 3Q2017 from the additional investment in mm2 Asia Ltd (“mm2”). As a result, taxation in 4Q2017 and for the year was correspondingly lower at S$4.9 million and S$54.8 million.

2. BUSINESS REVIEW

Mobile Services

	Quarter ended 31 Dec				Full Year ended 31 Dec			
	2017	2016	Incr / (Decr)		2017	2016	Incr/ (Decr)	
	S$m	S$m	S$m	%	S$m	S$m	S$m	%
Mobile revenue	301.0	311.8	(10.9)	(3.5)	1,196.9	1,214.6	(17.8)	(1.5)

	Quarter ended / As of			Full Year ended / As of		YoY
	31 Dec	30 Sep	31 Dec	31 Dec		Incr / (Decr)
Mobile operating statistics	2017	2017	2016	2017	2016	%
Number of registered customers (in thousands)						
Post-paid	1,368	1,362	1,387	1,368	1,387	(1.4)
Pre-paid	938	895	920	938	920	2.0
Total	2,307	2,256	2,307	2,307	2,307	-
Monthly minutes of use per registered customer						
Post-paid	180	186	195	185	206	(10.3)
Pre-paid	118	130	178	137	209	(34.4)
ARPU with IDD included (S$ per month)						
Post-paid	68	69	70	68	70	(1.9)
Pre-paid	14	14	15	15	16	(9.1)
Tiered data plans						
Percentage of total Post-paid customers	70.8%	69.8%	67.5%	70.8%	67.5%	-
Percentage of tiered data plan customers exceeding data bundles (1)	35.2%	38.1%	30.3%	34.6%	26.4%	-
Average monthly churn rate (post-paid)	1.1%	1.6%	1.0%	1.2%	0.9%	-
Singapore mobile penetration (2)	148.8%	149.2%	149.8%	148.8%	149.8%	-
Market Share (2)	27.6%	26.9%	27.5%	27.6%	27.5%	-

Note:
(1) Prior periods' figures have been restated to reflect percentage of customers exceeding primary data bundles.
(2) Based on latest published statistics

Mobile service revenue of S$301.0 million in 4Q2017 and S$1,196.9 million for the year was S$10.9 million and S$17.8 million lower YoY respectively. The decrease in 4Q2017 revenue was attributed to lower subscription revenue and lower voice and IDD usage, partially offset by higher mobile VAS revenue. For the full year, revenue decreased due to declining usage from voice, IDD and roaming services, as well as lower subscription and interconnect revenues. This was partly mitigated by an increase in mobile VAS revenue and growing data and Enterprise SMS usage.

Post-paid mobile services

As of 31 December 2017, post-paid mobile subscriber base stood at 1,368,000 subscribers after the quarter's net addition of 6,000 subscribers. Compared to a year ago, post-paid customer base decreased by 19,000 customers or 1.4%. Excluding the one-time termination of 23,000 inactive legacy data-only lines, post-paid customer base increased by 4,000 customers or 0.3%.

Post-paid mobile ARPU at S$68 in 4Q2017 and for the year was lower by $2 YoY, mainly due to lower subscription, IDD and local voice usage. The percentage of customers on tiered data mobile subscription plans increased YoY from 67.5% to 70.8%. Compared to the corresponding periods last year, the percentage of tiered data customers exceeding their primary data bundle increased from 30.3% to 35.2% in 4Q2017 while for the full year, increased from 26.4% to 34.6%.

Post-paid mobile monthly average churn rate at 1.1% in 4Q2017 was higher when compared to 1.0% in 4Q2016. The higher post-paid monthly average churn rate at 1.2% for the year was mainly due to the one-time termination of inactive legacy data-only lines in 3Q2017. Excluding this one-time termination, the post-paid monthly average churn rate would be at 1.0% for the full year period.

Pre-paid mobile services

As of 31 December 2017, pre-paid mobile customer base was 938,000 customers after the quarter's net addition of 43,000 customers. Compared to a year ago, pre-paid customer base increased by 18,000 customers or 2.0% YoY.

Pre-paid mobile ARPU at S$14 for 4Q2017 and S$15 for the full year were S$1 lower for both periods due to lower voice and IDD usage.

Pay TV Services

	Quarter ended 31 Dec				Full Year ended 31 Dec			
	2017	2016	Incr / (Decr)		2017	2016	Incr/ (Decr)	
	S$m	S$m	S$m	%	S$m	S$m	S$m	%
Pay TV revenue	86.9	93.9	(7.0)	(7.4)	348.9	377.8	(28.9)	(7.6)

Pay TV operating statistics	Quarter ended / As of 31 Dec 2017	30 Sep 2017	31 Dec 2016	Full Year ended / As of 31 Dec 2017	2016	YoY Incr / (Decr) %
Number of residential Pay TV customers (in thousands)	458	467	498	458	498	(8.0)
ARPU (S$ per month)	50	51	51	51	51	-
Average monthly churn rate	0.9%	0.9%	0.9%	1.0%	1.0%	-

Pay TV service revenue for 4Q2017 and for the full year were 7.4% and 7.6% lower YoY respectively. The decrease was mainly due to lower subscriber base.

As of 31 December 2017, Pay TV subscriber base stood at 458,000 subscribers after the quarter's net churn of 9,000 subscribers. Compared to a year ago, Pay TV subscriber base decreased by 40,000 subscribers or 8.0%.

Pay TV ARPU was lower by S$1 at S$50 in 4Q2017 while ARPU remained stable at S$51 for the full year.

Monthly average churn for 4Q2017 at 0.9% and 1.0% for the full year remained unchanged when compared to a year ago.

Broadband Services

	Quarter ended 31 Dec				Full Year ended 31 Dec			
	2017	2016	Incr / (Decr)		2017	2016	Incr/ (Decr)	
	S$m	S$m	S$m	%	S$m	S$m	S$m	%
Broadband revenue	54.2	54.2	-	-	214.0	216.8	(2.9)	(1.3)

Broadband operating statistics	Quarter ended / As of			Full Year ended / As of		YoY
	31 Dec	30 Sep	31 Dec	31 Dec		Incr / (Decr)
	2017	2017	2016	2017	2016	%
Number of residential broadband customers - subscription-based (in thousands)	467	466	473	467	473	(1.3)
Number of fibre broadband customers - subscription-based (in thousands)	381	376	363	381	363	5.0
ARPU (S$ per month)	37	37	37	37	37	-
Average monthly churn rate	0.9%	1.1%	0.9%	1.0%	1.0%	-

Broadband service revenue in 4Q2017 remained steady at S$54.2 million when compared to 4Q2016. For the full year, Broadband service revenue decreased by S$2.9 million or 1.3% to S$214.0 million, mainly due to a lower subscriber base.

The Broadband ARPU of $37 in both 4Q2017 and the full year remained stable against last year.

Broadband average monthly churn stood at 0.9% in 4Q2017 and 1.0% for the full year when compared against the same periods last year.

Enterprise Fixed Services

	Quarter ended 31 Dec				Full Year ended 31 Dec			
	2017	2016	Incr / (Decr)		2017	2016	Incr/ (Decr)	
Enterprise Fixed revenue	S$m	S$m	S$m	%	S$m	S$m	S$m	%
Data & Internet	117.9	94.0	23.9	25.4	390.7	347.2	43.6	12.5
Voice services	11.7	13.2	(1.5)	(11.3)	46.2	52.8	(6.6)	(12.5)
Total	129.6	107.2	22.4	20.9	436.9	400.0	36.9	9.2

Enterprise Fixed service revenue grew by S$22.4 million and S$36.9 million in 4Q2017 and for the full year respectively. The growth was contributed by higher revenue from Data & Internet services, partially offset by decrease in revenue from Voice services.

In both 4Q2017 and for the full year, Data & Internet service revenue increased by S$23.9 million and S$43.6 million YoY respectively, primarily driven by higher revenue from managed services and cyber security solutions.

Voice service revenue decreased by 11.3% in 4Q2017 and 12.5% for the full year respectively. The reduction was mainly due to lower domestic and international traffic usage.

Hubbing (Multi-Service Households)

Hubbing Metrics	Quarter ended / As of 31 Dec 2017	30 Sep 2017	31 Dec 2016
Total households with three or more services of Post-paid Mobile, Pay TV and Broadband and/or Digital Voice services (in thousands)	326	329	342

As of 31 December 2017, the number of households with three or more services at 326,000 households declined by 16,000 households compared to a year ago, primarily due to churn in overall TV households.

3. GROUP CASH FLOW STATEMENT

	Quarter ended 31 Dec		Full Year ended 31 Dec	
	2017	2016	2017	2016
	S$m	S$m	S$m	S$m
Operating Activities				
Profit before taxation	19.3	61.9	304.4	410.3
Adjustments for :				
Depreciation and amortisation (net of asset grants)	71.1	67.0	280.4	265.0
Income related grants	(0.7)	(4.6)	(4.4)	(32.0)
Share-based payments expenses	2.7	0.4	3.4	7.2
Changes in fair value of financial instruments	-	(0.6)	-	1.2
Net finance expenses	6.2	6.6	26.2	22.7
Non-operating income / (expense)	-	-	0.7	(9.5)
Share of loss of associate (net of tax)	0.3	0.2	2.2	1.6
Others	0.9	0.4	1.9	1.6
Operating cash flow before working capital changes	99.7	131.3	614.8	668.1
Changes in operating assets and liabilities	(35.9)	(65.2)	(32.3)	(63.7)
Income tax (paid) / refund	(0.3)	14.9	(65.3)	(53.7)
Net cash from operating activities	**63.5**	**81.0**	**517.2**	**550.7**
Investing Activities				
Interest received	1.7	1.0	3.4	3.3
Proceeds from disposal of property, plant and equipment and intangible assets	1.6	0.4	1.9	0.8
Purchase of property, plant and equipment and intangible assets	(95.3)	(126.4)	(295.9)	(366.7)
Purchase of available-for-sale financial assets	-	-	(15.0)	(18.0)
(Loan to) / Repayment of loan from an associate	-	(1.2)	1.1	(8.7)
Acquisition of subsidiary, net of cash acquired	-	-	(22.6)	-
Net cash used in investing activities	**(92.0)**	**(126.2)**	**(327.1)**	**(389.3)**
Financing Activities				
Net proceeds from issue of perpetual capital securities	-	-	199.6	-
Treasury shares purchased by the Company	-	(12.3)	-	(12.3)
Grants received	1.6	5.7	8.2	34.0
Proceeds from issue of medium term notes	-	-	-	300.0
Repayment of bank loans	-	-	(10.0)	-
Dividends paid	(69.2)	(86.5)	(293.9)	(346.2)
Perpetual capital securities distribution paid	(4.0)	-	(4.0)	-
Finance expenses paid	(9.1)	(9.1)	(30.0)	(25.1)
Net cash used in financing activities	**(80.6)**	**(102.2)**	**(130.1)**	**(49.6)**
Net change in cash and cash equivalents	**(109.1)**	**(147.4)**	**60.0**	**111.8**
Cash and cash equivalents at beginning of the period	454.3	432.6	285.2	173.4
Cash and cash equivalents at end of the period	**345.2**	**285.2**	**345.2**	**285.2**

The Group's net cash from operating activities of S$63.5 million and S$517.2 million was S$17.5 million and S$33.5 million lower in 4Q2017 and for the full year respectively. This was largely due to lower cash flow from operations and tax refund received in 4Q2016, partially offset by lower working capital needs.

The negative working capital changes of S$35.9 million in 4Q2017 were primarily attributed to lower net balances due to related parties and other payables, coupled with higher inventories and trade receivables. This was partially offset by higher trade payables. For the full year, the negative working capital changes of S$32.3 million were mainly due to higher trade receivables and inventories, coupled with lower other payables and net balances due to related parties. This was partially offset by higher trade payables and lower other receivables, deposits and prepayments.

Net cash used in investing activities of S$92.0 million in 4Q2017 was lower by S$34.2 million, mainly due to lower purchase of property, plant and equipment. For the full year, net cash used in investing activities of S$327.1 million was lower by S$62.2 million as a result of lower purchase of property, plant and equipment, partially offset by investment in ASTL in 3Q2017.

The Group's CAPEX payments amounted to S$95.3 million in 4Q2017 and S$295.9 million for the full year, representing 14.7% and 12.3% of total revenue respectively. Excluding spectrum payments of S$69.3 million in 2Q2017, CAPEX payments as a percentage of total revenue would have been 9.4% for the full year.

Free cash flow improved from a deficit of S$45.4 million to a deficit of S$31.7 million in 4Q2017. For the year, free cash flow was higher at S$221.3 million, compared to S$184.0 million last year. The improvement in both periods was mainly due to lower CAPEX payments.

Net cash used in financing activities was lower at S$80.6 million in 4Q2017 compared to S$102.2 million in 4Q2016, mainly due to lower dividends paid. For the full year, net cash used in financing activities was S$80.5 million higher at S$130.1 million, largely from lower funds raised in 2017.

The resulting net cash generated was a deficit of S$109.1 million in 4Q2017 and surplus of S$60.0 million for the full year. As a result, cash and cash equivalents balance was higher at S$345.2 million, up from S$285.2 million a year ago.

Capital expenditure commitments

As of 31 December 2017, the Group's total outstanding capital expenditure commitments amounted to S$570.8 million, including the outstanding commitments for 4G spectrum rights of S$282.0 million.

4. STATEMENT OF FINANCIAL POSITION

	Group		Company	
	31 Dec 17 S$m	31 Dec 16 S$m	31 Dec 17 S$m	31 Dec 16 S$m
Non-current assets				
Property, plant and equipment	870.1	918.0	425.2	431.0
Intangible assets	557.6	463.8	92.3	78.3
Subsidiaries	-	-	2,507.8	2,472.8
Associate	23.7	25.9	27.8	27.8
Available-for-sale financial assets	60.0	40.0	60.0	40.0
Amount due from related parties	7.9	7.6	7.9	7.6
	1,519.3	**1,455.3**	**3,121.0**	**3,057.5**
Current assets				
Inventories	71.9	49.6	0.7	0.7
Trade receivables	201.5	172.2	167.7	141.7
Other receivables, deposits and prepayments	183.5	212.2	47.2	43.6
Amount due from related parties	30.6	21.8	24.8	19.4
Cash and cash equivalents	345.2	285.2	321.1	236.0
	832.7	**741.0**	**561.5**	**441.4**
Less:				
Current Liabilities				
Trade and other payables	736.5	707.9	334.2	309.4
Amount due to related parties	64.8	67.1	334.3	356.5
Borrowings	120.0	10.0	120.0	10.0
Provision for taxation	71.6	70.5	20.7	15.4
	992.9	**855.5**	**809.2**	**691.3**
Net current liabilities	**(160.2)**	**(114.5)**	**(247.7)**	**(249.9)**
Non-current liabilities				
Trade and other payables	22.4	21.6	22.5	21.6
Borrowings	857.5	977.5	857.5	977.5
Deferred income	0.9	1.4	0.9	1.4
Deferred tax liabilities	133.4	145.4	73.9	73.5
	1,014.2	**1,145.9**	**954.8**	**1,074.0**
Net assets	**344.9**	**194.9**	**1,918.5**	**1,733.6**
Shareholders' equity				
Share capital	299.7	299.7	299.7	299.7
Perpetual Capital Securities	199.9	-	199.9	-
Reserves	(159.1)	(104.8)	1,418.9	1,433.9
Equity attributable to owners of the Company	**340.5**	**194.9**	**1,918.5**	**1,733.6**
Non-controlling interests	4.4	-	-	-
Total equity	**344.9**	**194.9**	**1,918.5**	**1,733.6**

GROUP BALANCE SHEET REVIEW

As of 31 December 2017, the Group's total non-current assets were S$64.0 million higher at S$1,519.3 million compared to 31 December 2016. The increase was primarily due to higher intangible assets and available-for-sale financial assets stated at fair value arising from increased stake in mm2 in July 2017. This was partially offset by lower property, plant and equipment.

Total current assets were higher at S$832.7 million as of 31 December 2017, up from S$741.0 million as of 31 December 2016. The increase was mainly from higher cash and cash equivalents, inventories and trade receivables, partially offset by lower other receivables, deposits and prepayments.

Total current liabilities increased by S$137.4 million as of 31 December 2017 when compared to S$855.5 million as of 31 December 2016. The higher current liabilities were due to higher trade and other payables and reclassification of borrowings from non-current to current liabilities.

As a result of the reclassification of borrowings and lower deferred tax liabilities, total non-current liabilities were lower by S$131.7 million to S$1,014.2 million as of 31 December 2017.

The Group's shareholders' equity grew by S$145.6 million to S$340.5 million as of 31 December 2017 (excluding non-controlling interests of S$4.4 million). The increase was mainly due to the issuance of S$200.0 million of subordinated perpetual capital securities (S$199.6 million net of transaction expense) in 2Q2017.

5. GROUP UNSECURED BORROWINGS

Unsecured borrowings	31 Dec 17 S$m	31 Dec 16 S$m
Amount repayable in one year or less		
Bank loans	120.0	10.0
	120.0	10.0
Amount repayable after one year		
Bank loans	337.5	457.5
Medium term notes	520.0	520.0
	857.5	977.5
Total	977.5	987.5

The Group's unsecured borrowing was lower by S$10.0 million at S$977.5 million as of 31 December 2017.

On the account of a higher cash and cash equivalent balance and lower total borrowings, net debt was S$70.0 million lower at S$632.3 million as of 31 December 2017 compared to S$702.3 million as of 31 December 2016. As a ratio of the past 12 months' EBITDA, the Group's net debt was higher at 1.03 times as of 31 December 2017, up from 1.02 times as of 31 December 2016.

6. STATEMENT OF CHANGES IN EQUITY

Group	Share capital S$m	Perpetual Capital Securities S$m	Treasury shares S$m	Goodwill written off S$m	Share-based payment reserve S$m	Fair value reserve S$m	Hedging reserve S$m	Translation reserve S$m	Retained profits S$m	Total Reserves S$m	Non-controlling interests S$m	Total equity S$m
At 1 Jan 2017	**299.7**	**-**	**(12.3)**	**(276.3)**	**14.1**	**12.5**	**4.4**	**1.3**	**151.5**	**(104.8)**	**-**	**194.9**
Total comprehensive income for the period												
Profit for the period	-	-	-	-	-	-	-	-	235.0	235.0	0.4	235.4
Other comprehensive income / (loss)										-		
Foreign currency translation differences	-	-	-	-	-	-	-	0.1	-	0.1	-	0.1
Effective portion of changes in fair value of cash flow hedge (net of taxation)	-	-	-	-	-	-	(12.2)	-	-	(12.2)	-	(12.2)
Changes in fair value of available-for-sale financial assets	-	-	-	-	-	3.4	-	-	-	3.4	-	3.4
Total comprehensive income / (loss) for the period	-	-	-	-	-	3.4	(12.2)	0.1	235.0	226.2	0.4	226.6
Transactions with equity holders of the Company, recognised directly in equity												
Contributions by and distributions to equity holders of the Company												
Issue of perpetual capital securities	-	199.6	-	-	-	-	-	-	-	-	-	199.6
Acquisition of subsidiary with non-controlling interests	-	-	-	-	-	-	-	-	-	-	2.2	2.2
Share-based payments expenses	-	-	-	-	0.7	-	-	-	-	0.7	-	0.7
Accrued perpetual securities distribution	-	2.3	-	-	-	-	-	-	(2.3)	(2.3)	-	-
Transfer from treasury shares to share-based payments reserve	-	-	4.1	-	(4.1)	-	-	-	-	-	-	-
Tax impact on transfer of treasury shares	-	-	-	-	(0.4)	-	-	-	-	(0.4)	-	(0.4)
Dividends paid	-	-	-	-	-	-	-	-	(224.7)	(224.7)	-	(224.7)
Total transactions with equity holders of the Company	-	201.9	4.1	-	(3.8)	-	-	-	(227.0)	(226.7)	2.2	(22.6)
At 30 Sep 2017	**299.7**	**201.9**	**(8.2)**	**(276.3)**	**10.3**	**15.9**	**(7.8)**	**1.3**	**159.4**	**(105.3)**	**2.6**	**398.8**
Total comprehensive income for the period												
Profit for the period	-	-	-	-	-	-	-	-	14.1	14.1	0.3	14.3
Other comprehensive income / (loss)										-		
Foreign currency translation differences	-	-	-	-	-	-	-	0.1	-	0.1	-	0.1
Effective portion of changes in fair value of cash flow hedge (net of taxation)	-	-	-	-	-	-	(2.4)	-	-	(2.4)	-	(2.4)
Changes in fair value of available-for-sale financial assets	-	-	-	-	-	2.3	-	-	-	2.3	-	2.3
Total comprehensive income / (loss) for the period	-	-	-	-	-	2.3	(2.4)	0.1	14.1	14.0	0.3	14.2
Transactions with equity holders of the Company, recognised directly in equity												
Contributions by and distributions to equity holders of the Company												
Acquisition of subsidiary with non-controlling interests	-	-	-	-	-	-	-	-	-	-	1.6	1.6
Share-based payments expenses	-	-	-	-	2.7	-	-	-	-	2.7	-	2.7
Accrued perpetual securities distribution	-	2.0	-	-	-	-	-	-	(2.0)	(2.0)	-	-
Perpetual securities distribution paid	-	(4.0)	-	-	-	-	-	-	0.7	0.7	-	(3.3)
Dividends paid	-	-	-	-	-	-	-	-	(69.2)	(69.2)	-	(69.2)
Total transactions with equity holders of the Company	-	(2.0)	-	-	2.7	-	-	-	(70.4)	(67.7)	1.6	(68.2)
At 31 Dec 2017	**299.7**	**199.9**	**(8.2)**	**(276.3)**	**13.0**	**18.1**	**(10.1)**	**1.4**	**103.0**	**(159.1)**	**4.4**	**344.9**

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

Group	Share capital S$m	Treasury shares S$m	Goodwill written off S$m	Share-based payment reserve S$m	Fair value 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	-	-	-	-	-	-	-	287.4	287.4	287.4
Other comprehensive income / (loss)										
Foreign currency translation differences	-	-	-	-	-	-	0.1	-	0.1	0.1
Effective portion of changes in fair value of cash flow hedge (net of taxation)	-	-	-	-	-	(0.5)	-	-	(0.5)	(0.5)
Changes in fair value of available-for-sale financial assets	-	-	-	-	8.2	-	-	-	8.2	8.2
Total comprehensive income / (loss) for the period	-	-	-	-	8.2	(0.5)	0.1	287.4	295.2	295.2
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	6.2	-	-	(6.2)	-	-	-	-	(6.2)	-
Share-based payments expenses	-	-	-	6.8	-	-	-	-	6.8	6.8
Dividends paid	-	-	-	-	-	-	-	(259.7)	(259.7)	(259.7)
Total transactions with equity holders of the Company	6.2	-	-	0.6	-	-	-	(259.7)	(259.1)	(252.9)
At 30 Sep 2016	**299.7**	**-**	**(276.3)**	**12.9**	**8.2**	**-**	**1.4**	**184.0**	**(69.8)**	**229.9**
Total comprehensive income for the period										
Profit for the period	-	-	-	-	-	-	-	54.0	54.0	54.0
Other comprehensive income / (loss)										
Foreign currency translation differences	-	-	-	-	-	-	(0.1)	-	(0.1)	(0.1)
Effective portion of changes in fair value of cash flow hedge (net of taxation)	-	-	-	-	-	4.4	-	-	4.4	4.4
Changes in fair value of available-for-sale financial assets	-	-	-	-	4.4	-	-	-	4.4	4.4
Total comprehensive income / (loss) for the period	-	-	-	-	4.4	4.4	(0.1)	54.0	62.7	62.7
Transactions with equity holders of the Company, recognised directly in equity										
Contributions by and distributions to equity holders of the Company										
Share-based payments expenses	-	-	-	0.4	-	-	-	-	0.4	0.4
Purchase of treasury shares	-	(12.3)	-	-	-	-	-	-	(12.3)	(12.3)
Tax impact on transfer of treasury shares	-	-	-	0.8	-	-	-	-	0.8	0.8
Dividends paid	-	-	-	-	-	-	-	(86.5)	(86.5)	(86.5)
Total transactions with equity holders of the Company	-	(12.3)	-	1.2	-	-	-	(86.5)	(97.6)	(97.6)
At 31 Dec 2016	299.7	(12.3)	(276.3)	14.1	12.5	4.4	1.3	151.5	(104.8)	194.9

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

Company	Share capital S$m	Perpetual Capital Securities S$m	Treasury shares S$m	Merger/ Capital reserve S$m	Share-based payment reserve S$m	Fair value reserve S$m	Retained profits S$m	Total Reserves S$m	Total equity S$m
At 1 Jan 2017	**299.7**	**-**	**(12.3)**	**276.5**	**14.1**	**12.5**	**1,143.1**	**1,433.9**	**1,733.6**
Total comprehensive income for the period									
Profit for the period	-	-	-	-	-	-	152.6	152.6	152.6
Other comprehensive income									
Changes in fair value of available-for-sale financial assets	-	-	-	-	-	3.3	-	3.3	3.3
Total comprehensive income for the period	-	-	-	-	-	3.3	152.6	155.9	155.9
Transactions with equity holders of the Company, recognised directly in equity									
Contributions by and distributions to equity holders of the Company									
Issue of perpetual capital securities	-	199.6	-	-	-	-	-	-	199.6
Share-based payments expenses	-	-	-	-	0.7	-	-	0.7	0.7
Accrued perpetual securities distribution	-	2.3	-	-	-	-	(2.3)	(2.3)	-
Transfer from treasury shares to share-based payments reserve	-	-	4.1	-	(4.1)	-	-	-	-
Tax impact on transfer of treasury shares	-	-	-	-	(0.4)	-	-	(0.4)	(0.4)
Dividends paid	-	-	-	-	-	-	(224.7)	(224.7)	(224.7)
Total transactions with equity holders of the Company	-	201.9	4.1	-	(3.8)	-	(227.0)	(226.7)	(24.9)
At 30 Sep 2017	**299.7**	**201.9**	**(8.2)**	**276.5**	**10.3**	**15.9**	**1,068.7**	**1,363.2**	**1,864.7**
Total comprehensive income for the period									
Profit for the period	**-**	**-**	**-**	**-**	**-**	**-**	**121.3**	**121.3**	**121.3**
Other comprehensive income									
Changes in fair value of available-for-sale financial assets	**-**	**-**	**-**	**-**	**-**	**2.3**	**-**	**2.3**	**2.3**
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**-**	**2.3**	**121.3**	**123.5**	**123.5**
Transactions with equity holders of the Company, recognised directly in equity									
Contributions by and distributions to equity holders of the Company									
Share-based payments expenses	**-**	**-**	**-**	**-**	**2.7**	**-**	**-**	**2.7**	**2.7**
Accrued perpetual securities distribution	**-**	**2.0**	**-**	**-**	**-**	**-**	**(2.0)**	**(2.0)**	**-**
Perpetual securities distribution paid	**-**	**(4.0)**	**-**	**-**	**-**	**-**	**0.7**	**0.7**	**(3.3)**
Dividends paid	**-**	**-**	**-**	**-**	**-**	**-**	**(69.2)**	**(69.2)**	**(69.2)**
Total transactions with equity holders of the Company	**-**	**(2.0)**	**-**	**-**	**2.7**	**-**	**(70.4)**	**(67.7)**	**(69.8)**
At 31 Dec 2017	**299.7**	**199.9**	**(8.2)**	**276.5**	**13.0**	**18.1**	**1,119.5**	**1,418.9**	**1,918.5**

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

Company	Share capital S$m	Treasury shares S$m	Merger/ Capital reserve S$m	Share-based payment reserve S$m	Fair value 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
Total comprehensive income for the period									
Profit for the period	-	-	-	-	-	-	206.1	206.1	206.1
Other comprehensive income / (loss)									
Effective portion of changes in fair value of cash flow hedge (net of taxation)	-	-	-	-	-	(0.5)	-	(0.5)	(0.5)
Changes in fair value of available-for-sale financial assets	-	-	-	-	8.2	-	-	8.2	8.2
Total comprehensive income / (loss) for the period	-	-	-	-	8.2	(0.5)	206.1	213.8	213.8
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	6.2	-	-	(6.2)	-	-	-	(6.2)	-
Share-based payments expenses	-	-	-	6.8	-	-	-	6.8	6.8
Dividends paid	-	-	-	-	-	-	(259.7)	(259.7)	(259.7)
Total transactions with equity holders of the Company	6.2	-	-	0.6	-	-	(259.7)	(259.1)	(252.9)
At 30 Sep 2016	**299.7**	**-**	**276.5**	**12.9**	**8.2**	**-**	**938.6**	**1,236.2**	**1,535.9**
Total comprehensive income for the period									
Profit for the period	-	-	-	-	-	-	291.0	291.0	291.0
Other comprehensive income									
Changes in fair value of available-for-sale financial assets	-	-	-	-	4.4	-	-	4.4	4.4
Total comprehensive income for the period	-	-	-	-	4.4	-	291.0	295.4	295.4
Transactions with equity holders of the Company, recognised directly in equity									
Contributions by and distributions to equity holders of the Company									
Share-based payments expenses	-	-	-	0.4	-	-	-	0.4	0.4
Purchase of treasury shares	-	(12.3)	-	-	-	-	-	(12.3)	(12.3)
Tax impact on transfer of treasury shares	-	-	-	0.8	-	-	-	0.8	0.8
Dividends paid	-	-	-	-	-	-	(86.5)	(86.5)	(86.5)
Total transactions with equity holders of the Company	-	(12.3)	-	1.2	-	-	(86.5)	(97.6)	(97.6)
At 31 Dec 2016	**299.7**	**(12.3)**	**276.5**	**14.1**	**12.5**	**-**	**1,143.1**	**1,433.9**	**1,733.6**

7. CHANGES IN COMPANY'S SHARE CAPITAL

Share Capital

As of 31 December 2017, the share capital of the Company was at S$299.7 million comprising 1,729,063,932 issued ordinary shares (excluding treasury shares). As of 31 December 2016, it was S$299.7 million comprising 1,727,757,343 issued ordinary shares (excluding treasury shares).

Treasury Shares
For the quarter ended 31 December 2017, there was no purchase or transfer of shares during this period.

The treasury share balance as of 31 December 2017 totaled S$8.2 million comprising 2,587,511 ordinary shares or 0.1% of issued share capital excluding treasury shares. As of 31 December 2016, it was S$12.3 million comprising 3,894,100 ordinary shares.

Issue of new shares
For 4Q2017, there was no new issue of ordinary shares.

Subsidiary holdings
As at 31 December 2017, none of the Company's subsidiaries hold any shares in the Company (31 December 2016: Nil).

Perpetual Capital Securities

In 2Q2017, the Company issued subordinated perpetual capital securities with an aggregate principal amount of S$200.0 million. The perpetual capital securities may be redeemed at the option of the Company, in whole, but not in part, on 16 June 2022 or on any Distribution Payment Date thereafter and otherwise upon the occurrence of certain redemption events as defined in the offering circular.

Such perpetual capital securities bear distributions at a rate of 3.95% per annum, with the first distribution rate reset falling on 16 June 2027 and subsequent resets occurring every 10 years thereafter. The distribution rate will be subject to a step-up of 1% per annum from 16 June 2027.

The distribution will be payable semi-annually in arrear on a discretionary basis and will be cumulative and compounding in accordance with the terms and conditions of the offering circular.

For the full year, the Group paid out S$4.0 million perpetual capital securities distribution and had an accrual of S$0.3 million for perpetual capital securities distribution due in June 2018.

Outstanding Shares – Share-Based Plans

Performance Share Plans
As of 31 December 2017, the outstanding balance of conditional awards under the Performance Share Plans was 2,245,483 ordinary shares (31 December 2016: 1,761,100 ordinary shares).

Restricted Stock Plans
As of 31 December 2017, the outstanding balance of conditional awards under the Restricted Stock Plans was 5,017,412 ordinary shares (31 December 2016: 5,362,344 ordinary shares).

8. AUDIT

The results of the financial year have been audited.

9. AUDITORS' REPORT

A copy of the Auditor's report is attached.

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 2016.

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 2017.

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.

Certain new standards and amendments to standards are mandatory for adoption by the Group for annual periods beginning on or after 1 January 2018. The Group's financial statements for the financial year ending 31 December 2018 will be prepared in accordance with the Singapore Financial Reporting Standards (International) ("SFRS(I)"). The new standards, amendments to and interpretations of standards include:

- *SFRS(I) 1 First-time Adoption of International Financial Reporting Standards;*
- *SFRS(I) 15 Revenue from Contracts with Customers and Amendments to SFRS(I) 15 Clarifications to SFRS(I) 15;*
- *SFRS(I) 9 Financial Instruments;*
- *Classification and Measurement of Share-based Payment Transactions (Amendments to SFRS(I) 2);*
- *Transfers of Investment Property (Amendments to SFRS(I) 40);*
- *Deletion of short-term exemptions for first-time adopters (Amendments to SFRS(I) 1);*

- *Measuring an Associate or Joint Venture at Fair Value (Amendments to SFRS(I) 28);*
- *Applying SFRS(I) 9 Financial Instruments with SFRS(I) 4 Insurance Contracts (Amendments to SFRS(I) 4); and*
- *IFRIC 22 Foreign Currency Transactions and Advance Consideration.*

The Group does not expect the application of the above standards and interpretations to have a significant impact on the financial statements, except for SFRS(I) 1 and SFRS(I) 15.

Potential impact on the financial statements

SFRS(I) 1 First-time Adoption of International Financial Reporting Standards:

The Company expects an increase in retained earnings as it will derecognise the merger/capital reserve to retained earnings. In addition, the Company expects an increase in investment in subsidiaries and retained earnings following the adoption of the use of fair value as the deemed cost as at the date of transition, 1 January 2017.

SFRS(I) 15 Revenue from Contracts with Customers:

The Group expects:

- an increase in the revenue allocated to sales of equipment and a corresponding reduction in service revenue under SFRS(I) 15. Due to the requirement to estimate and account for variable consideration and material right, deferral of service revenue is expected.
- operating expenses to be lower at initial adoption of standard due to deferment of the recognition of the cost of acquiring customers over the contract duration.
- a substantial increase in total assets at initial adoption due to recognition of contract assets arising mainly from allocation of revenue to sales of equipment and deferment of cost of acquiring customers.

11. CHANGES IN ACCOUNTING POLICIES AND ESTIMATES

The Group has applied the following amendments for the first time for the annual period beginning 1 January 2017:

- Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to FRS 12); and
- Clarification of the scope of FRS 112 (Improvements to FRSs 2016).

The adoption of these amendments did not have any impact on the current or prior period and is not likely to affect future periods.

12. GROUP EARNINGS PER ORDINARY SHARE

	Quarter ended 31 Dec 2017	Quarter ended 31 Dec 2016	Full Year ended 31 Dec 2017	Full Year ended 31 Dec 2016
Basic				
Earnings per share	0.7 cents	3.1 cents	14.2 cents	19.8 cents
Weighted average number of shares ('000)	1,729,064	1,727,757	1,728,789	1,727,348
Diluted				
Earnings per share	0.7 cents	3.1 cents	14.1 cents	19.7 cents
Weighted average number of shares ('000)	1,736,326	1,734,880	1,736,052	1,734,471

13. NET ASSET VALUE PER ORDINARY SHARE

	Group 31 Dec 2017	Group 31 Dec 2016	Company 31 Dec 2017	Company 31 Dec 2016
Net asset value per share	19.7 cents	11.3 cents	111.0 cents	100.3 cents

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

For the full year, the Group's service revenue was lower by 0.6% YoY. This was within our guidance of full year service revenue to be at about 2016's level.

EBITDA margin for the year was 27.9% of service revenue. This was within our guidance of full year EBITDA margin to be between 26% to 28% of service revenue.

Total CAPEX payments for the year amounted to S$295.9 million. Excluding spectrum payments of S$69.3 million, CAPEX payments for the year amounted to S$226.6 million or 9.4% of total revenue. This was below our guidance for 2017 CAPEX at 10% of total revenue (excluding spectrum payments) due to the delay of certain CAPEX projects.

15. GROUP OUTLOOK

In the Mobile business, subscription and mobile data will continue to contribute to revenue while voice, roaming and IDD are expected to face downward pressures. We expect continued increase in demand for data for both local and overseas needs as well as choices for different types of mobile plans. We have introduced the 12-month contract plans for SIM only to complement the existing no-contract SIM only plans.

In our Pay TV business, challenges remain from growing piracy and alternative viewing options. We remain focused on StarHub Go (our OTT offering) and using customer data analytics to determine suitable quality content for acquisition and renewal. Content will be rationalised as part of ongoing renewals.

For our Broadband business, we anticipate continued competition. We offer different packages including 1Gbps fibre plans and 200Mbps cable plans to meet different customer needs. To provide better customer experience, we provide the Google mesh Wifi routers which offer better coverage and launched the Wifi Assessment service for customers.

For the Enterprise Fixed segment, there was continued strong demand for managed services, cybersecurity, analytics and cloud and data center services. The expanded range of ICT solutions such as digital platforms and applications management in the SME and enterprise segments allows StarHub to offer a complete solution suite that allows for quick and seamless adoption of digital solutions with deep insights to enable businesses to run better. The acquisition of the secured communications and sensor chip company, D'Crypt, allows StarHub to provide pervasive Smart City solutions securely through digital platforms.

The Group will be adopting SFRS(I) 15 (Revenue from Contracts with Customers), effective from 1 January 2018. Under the new standard, service revenue is expected to decline mainly due to the allocation of service revenue to sales of equipment revenue. As a result, service revenue will be lower while sales of equipment revenue will be higher compared to the current accounting treatment. Group EBITDA margin for 2018 will increase due to the upfront revenue recognition of sales of equipment based on standalone selling price and the reduction in service revenue.

Based on the current outlook, we expect our guidance on our Group's 2018 service revenue to be 1% to 3% lower YoY. Group EBITDA margin is expected to be between 24% to 26% (before SFRS(I) 15 adoption), while EBITDA margin is expected to increase by another 4% to 6% (after SFRS(I) 15 adoption). In 2018, CAPEX payment, excluding spectrum payment of S$282.0 million, is expected to be 11% of total revenue. We intend to pay a quarterly cash dividend of 4 cents per ordinary share for FY2018.

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	Proposed Final
Dividend Type	Cash; Tax exempt (1-tier) dividend
Dividend Amount	S$0.04 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	Proposed Final
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 Directors have proposed a final dividend of S$0.04 per ordinary share, tax exempt (1-tier) for approval by shareholders at the forthcoming annual general meeting to be convened. Details on payments of dividends will be announced in due course.

(d) Book closure date

Details on closure of books will be announced in due course.

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$100,000) 1 January 2017 to 31 December 2017 S$m	Aggregate value of all interested person transactions (excluding transactions less than S$100,000 and transactions conducted under a shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual) 1 January 2017 to 31 December 2017 S$m
Transactions for the Sale of Goods & Services		
CapitaLand Limited & its associates	3.8	-
Singapore Power Limited & its associates	0.2	-
Singapore Technologies Engineering Ltd & its associates	1.4	-
Singapore Telecommunications Limited & its associates	26.6	-
TeleChoice International Ltd & its associates	93.2	-
Temasek Holdings (Private) Limited & its associates (other than those disclosed above)	11.5	-
	136.7	-
Transactions for the Purchase of Goods & Services		
Ascendas Real Estate Investment Trust & its associates	3.9	-
Mapletree Singapore Industrial Trust & its associates	39.2	-
CapitaLand Limited & its associates	0.3	-
Mapletree Commercial Trust & its associates	3.6	-
SembCorp Industries Ltd & its associates	8.0	-
Singapore Power Limited & its associates	23.0	-
Singapore Telecommunications Limited & its associates	59.1	-
TeleChoice International Ltd & its associates	255.8	-
Temasek Holdings (Private) Limited & its associates (other than those disclosed above)	17.7	-
	410.6	-

19. 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.

ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT PURSUANT TO SGX APPENDIX 7.2 PART II

1. SEGMENT REPORTING

	2017 S$m	2016 S$m
Mobile	1,196.9	1,214.6
Pay TV	348.9	377.8
Broadband	214.0	216.8
Enterprise Fixed	436.9	400.0
Sale of equipment	204.0	187.5
Total revenue	2,400.7	2,396.7
EBITDA	613.9	690.1
Depreciation & amortisation (net of asset grants)	(280.4)	(265.0)
Finance income	3.7	3.5
Finance expense	(29.9)	(26.2)
Non-operating income	(0.7)	9.5
Share of loss of associate (net of tax)	(2.2)	(1.6)
Profit before taxation	**304.4**	**410.3**
Taxation	(54.8)	(68.9)
Profit for the year	**249.6**	**341.4**
Assets and liabilities		
Non-current assets	1,519.3	1,455.3
Current assets	832.7	741.0
Total assets	**2,352.0**	**2,196.3**
Borrowings	977.5	987.5
Other non-current liabilities	156.7	168.4
Current liabilities	872.9	845.5
Total liabilities	**2,007.1**	**2,001.4**
Other information		
Capital expenditure	299.3	371.2
Free cash flow (1)	221.3	184.0

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

2. SEGMENT PERFORMANCE

For review of the segment performance, please refer to Section 1.3 “Group Performance Review”.

3. BREAKDOWN OF SALES

	2017 S$m	2016 S$m	Incr / (Decr) S$m	%
Total revenue reported for first half year	1,171.4	1,176.6	(5.2)	(0.4)
Operating profit after tax before deducting minority interests reported for first half year	158.8	201.4	(42.6)	(21.1)
Total revenue reported for second half year	1,229.3	1,220.1	9.2	0.8
Operating profit after tax before deducting minority interests reported for second half year	90.8	140.0	(49.2)	(35.1)

4. TOTAL ANNUAL DIVIDEND (IN DOLLAR VALUE) FOR THE LATEST FULL YEAR AND PREVIOUS FULL YEAR

	Full Year ended 31 Dec	
	2017 S$m	2016 S$m
Ordinary shares (tax exempt 1-tier)		
Interim	207.5	259.7
Final (Proposed)	69.2	86.4
Total Annual Dividend	**276.6**	**346.1**

5. REPORT OF PERSONS OCCUPYING MANAGERIAL POSITIONS WHO ARE RELATED TO A DIRECTOR, CEO OR SUBSTANTIAL SHAREHOLDER

Pursuant to Rule 704(13) of the SGX-ST Listing Manual, the Company declares that the Directors, Chief Executive Officer and substantial shareholders of the Company are not related to any person occupying a managerial position in the Company or any of the subsidiaries of the Company as at 21 January 2018.

KPMG

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Independent auditors' report

Members of the Company
StarHub Ltd

Report on the audit of the financial statements

Opinion

We have audited the financial statements of StarHub Ltd (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2017, the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement of the Group, and the statement of changes in equity of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out on pages FS1 to FS72.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2017 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the '*Auditors' responsibilities for the audit of the financial statements*' section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Revenue recognition ($2,400.7 million)
(Refer to note 3.11 'Significant accounting policies' and note 21 'Revenue')

The key audit matter	*How the matter was addressed in our audit*
The Group's revenue streams are derived from the provision of Mobile, Pay TV, Broadband, Enterprise Fixed services and sales of equipment. In addition, numerous products and services offered with promotional rates and discounts add to the complexities. Judgement is required to determine the amount and timing of revenue to be recognised. Information used to recognise revenue is based on data captured in network switches, which are interfaced with billing and management IT reporting systems. Impact of product and service variety, different pricing models, together with complexities in telecommunication systems and related configurations of system generated information give rise to the risk that revenue may not be accurately recorded.	Our audit approach was performed with a high reliance on the Group's IT systems and key manual controls. They included in particular: • Testing the design and implementation, and operating effectiveness of controls over the capture and recording of revenue transactions from network switches to the billing system, and subsequently to the accounting system. Our IT specialists tested the relevant automated controls, including interface controls between different IT applications. • Testing the design and implementation, and operating effectiveness of relevant manual controls over initiation, authorisation, recording, and processing of revenue transactions. • Performing test calls to check completeness and accuracy of revenue transactions transmitted from the source systems to the accounting systems. • Testing key manual reconciliation controls used by management of certain revenue streams over revenue recognition. • Assessing the appropriateness of revenue recognition policy for the products and services offered by the Group.

Findings

We noted no significant issues on the completeness, existence and accuracy of revenue recorded in the year.

KPMG

Accruals ($498.8 million)
(Refer to note 3.6(i) 'Significant accounting policies' and note 14 'Trade and other payables')

The key audit matter	*How the matter was addressed in our audit*
The Group incurs significant costs in its operations. Due to complexities in the telecommunication industry, negotiations with suppliers and other various parties for payments of certain transactions may take a significant amount of time to complete. Judgement is required in determining the level of accruals needed. Management performed a detailed review of each of its significant accrual accounts relying on historical trend of observable claims and actual costs to assess the sufficiency of these accruals.	Our procedures included: • Obtaining an understanding of and assessed management's process and basis for making accruals. • Reading contracts of certain significant accruals and considering the accounting treatment and timing of recognition. • Testing the accruals utilised during the year to actual invoices and checking that the utilisation of accruals have been correctly accounted for. • Testing key reconciliations used by management to assess the completeness and accuracy of liabilities and accruals. • Assessing management's basis for reversal of significant accruals resulting from changes in management's assessment. • Assessing the reasonableness of basis and key assumptions used by management in deriving certain accruals by comparing the assumptions to historical performance, future business plans and external market information.

Findings

We found over-accruals in the estimates used by management. The effects of these over-accruals were not found to be significant to the income statement for the year.

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Impairment assessment of goodwill ($239.5 million) *(Refer to note 3.7 (ii) 'Significant accounting policies' and note 5 'Intangible assets')*	
The key audit matter	*How the matter was addressed in our audit*
Goodwill is subject to an annual impairment test or more frequently if there are indications of impairment. The determination of the recoverable amount of the CGU requires judgement on the part of management in both identifying and valuing the CGU. Included in the Group's goodwill of $239.5 million at 31 December 2017, is the goodwill of $220.3 million which arose from the acquisition of StarHub Cable Vision Ltd ("SCV") in 2002. Management considers SCV to be an essential part of the Group's fully integrated info-communications business. Hence, for impairment testing purposes, management has allocated the goodwill to the cash-generating unit ("CGU") comprising the Group's integrated fixed, mobile, cable and broadband operations. The remaining goodwill of $19.2 million arose through acquisition of Accel Systems & Technologies Pte. Ltd. in 2017. Management applies the value-in-use (discounted cash flow) method to determine the recoverable amount of the CGUs. Key assumptions for the value-in-use calculations are the discount rates, growth rates and taking into consideration the competitive pressures on EBITDA margins. These estimates require judgement and the determination of the recoverable amount is a key focus area for our audit.	Our audit procedures included: • Evaluating management's determination of CGU based on our knowledge of the business acquisition giving rise to the goodwill and our understanding of the current business of the Group. • Assessing key assumptions used in the cash flow projections by comparing them against historical performance, future business plans and external market reports. • Independently deriving applicable discount rates from available industry data and comparing these with those used by management. • Performing stress tests using plausible range of key assumptions or discount rates, and analysing the impact to the carrying amount. • Considering the adequacy of the Group's disclosures in respect of impairment testing, including those in respect of the sensitivities of the recoverable amount to variations in assumptions.
Findings The Group has a basis to determine the CGU for goodwill allocation purpose. We found that the assumptions and resulting estimates used in the discounted cash flow projections for material CGU were within acceptable range. We found the Group's disclosure in the financial statements to be compliant with financial reporting standards.	

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Valuation of trade receivables ($201.5 million)
(Refer to note 3.7 (i) 'Significant accounting policies' and note 11 'Trade receivables')

The key audit matter	*How the matter was addressed in our audit*
The Group has a policy to provide allowances for trade receivables on specific individual balances and on its receivables portfolio collectively. Determining the amount of allowance requires management's judgement on overdue debts and the amount of collection default based on past collection trends. There is a risk that the allowance of doubtful debts recognised may be insufficient.	Our audit procedures included: • Performing tests of controls over the Group's collection procedures, and the Group's assessment of the provision required at every period end. • Assessing the suitability of its policy for the allowance of doubtful debts. • Evaluating the ageing profile of trade receivables and critically assessing the Group's provision levels by considering the historical cash collection trends. • Discussing with management on the recoverability of past due debts to assess the sufficiency of allowance for trade receivables through specific and collective provisioning. • Considering the adequacy of the Group's disclosures in relation to the degree of estimation involved in arriving at the provision.

Findings

We found that the level of allowance of doubtful debts as at 31 December 2017 to be adequate. We have considered the Group's disclosures about the degree of estimation involved in deriving the allowance to be sufficient.

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Acquisition of Accel Systems & Technologies Pte. Ltd. – Purchase Price Allocation
(Refer to note 3.1 'Significant accounting policies' and note 32 'Acquisitions of subsidiary')

The key audit matter	*How the matter was addressed in our audit*
During the financial year, the Group acquired a total of 80.4% interest in Accel Systems & Technologies Pte. Ltd. ("ASTPL") over two phases. FRS 103 Business Combinations requires the Group to recognise the identifiable assets, liabilities and contingent liabilities at fair value at the date of acquisition, with the excess of the acquisition cost over the identified fair values recognised as goodwill. Management engaged an external firm of specialists to perform the purchase price allocation, including valuation of the identified assets and liabilities. There is judgement and inherent uncertainty involved in the identification and valuation of these assets and liabilities.	Our audit procedures included: • Examining the terms and conditions of the sale and purchase agreements and interviewed key management personnel to understand the commercial substance of the transaction. • Considering the objectivity, independence and competency of the external specialists, and the scope of their engagement. • Discussing with management and the external specialists on the purchase price allocation, including the identification and valuation of intangible assets acquired. We compared the methodologies and key assumptions used in determining the fair values assigned to the identifiable assets acquired and liabilities assumed to generally accepted market practices and market data. • Reviewing the appropriateness of the useful lives assigned to the identified intangible assets, having regard to the expected use of these assets. • Considering the disclosures for the acquisition.

Findings

We noted management's key assumptions applied in the purchase price allocation in arriving at the fair value of the assets acquired and liabilities assumed to be within a reasonable range.

We found the disclosures of the acquisition to be appropriate.

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Other information

Management is responsible for the other information contained in the annual report. Other information is defined as all information in the Annual Report other than the financial statements and our auditors' report thereon. Other than the Directors' Statement, which we have obtained prior to the date of this auditor's report, the other sections included in the Annual Report are expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with SSAs. We have nothing to report in this regard with respect to the Directors' Statement.

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless the law or regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditors' report is Ong Chai Yan.

KPMG LLP

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
14 February 2018