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STARHUB LTD

Announcement of Unaudited Results for the First Quarter ended 31 March 2011

StarHub is pleased to announce our unaudited results for the first quarter ended 31 March 2011.

Results for the First Quarter ended 31 March 2011

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

	Quarter ended 31 Mar		
	2011 S\$m	2010 S\$m	Incr/(Decr) %
Operating revenue	558.5	557.2	0.2
Operating expenses	(470.8)	(499.5)	(5.7)
Other income	3.0	-	-
Profit from operations	90.7	57.7	57.1
Finance income	0.2	0.3	(13.9)
Finance expenses ⁽¹⁾	(5.1)	(5.5)	(8.4)
Profit before taxation	85.8	52.5	63.6
Taxation	(16.7)	(9.8)	70.3
Profit for the period	69.1	42.7	62.1
Attributable to:			
Equity holders of the Company	69.1	42.7	62.1
	69.1	42.7	62.1
EBITDA	159.8	118.4	34.9
EBITDA as a % of service revenue	30.1%	22.5%	7.6 %pts
Free Cash Flow ⁽²⁾	132.4	119.9	10.4
<i>Profit from operations is arrived after charging the following:</i>			
<i>Allowance for doubtful receivables and bad debts written off</i>	<i>5.0</i>	<i>4.1</i>	<i>23.3</i>
<i>Depreciation and amortisation (net of asset grants)</i>	<i>69.1</i>	<i>60.7</i>	<i>13.9</i>

Notes:

(1) Finance expenses include interest and other financing charges

(2) Free Cash Flow refers to net cash flow 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		
	2011 S\$m	2010 S\$m	Incr/(Decr) %
Profit for the period	69.1	42.7	62.1
Other comprehensive income			
Effective portion of changes in fair value of cash flow hedge (net of tax)	0.1	0.1	28.7
Other comprehensive income for the period, net of tax	0.1	0.1	28.7
Total comprehensive income for the period	69.2	42.7	62.0
Attributable to:			
Equity holders of the Company	69.2	42.7	62.0
	69.2	42.7	62.0

2. STATEMENT OF FINANCIAL POSITION

	Group		Company	
	31 Mar 11 S\$m	31 Dec 10 S\$m	31 Mar 11 S\$m	31 Dec 10 S\$m
Non-current assets				
Property, plant and equipment	748.1	776.0	323.3	328.8
Intangible assets	443.0	451.6	147.3	154.7
Subsidiaries	-	-	1,202.1	1,202.1
Deferred tax assets	4.5	4.5	-	-
	1,195.5	1,232.1	1,672.6	1,685.6
Current assets				
Inventories	26.4	31.8	21.2	25.2
Trade receivables	151.6	173.9	142.4	164.4
Other receivables, deposits and prepayments	110.2	101.7	24.4	18.1
Balances with related parties	17.7	16.5	613.4	614.7
Cash and bank balances	303.0	237.5	258.0	180.2
	608.8	561.4	1,059.4	1,002.6
Less:				
Current liabilities				
Trade payables and accruals	427.4	437.7	253.3	274.3
Other payables	228.6	237.4	73.6	78.6
Balances with related parties	48.0	41.8	242.1	187.3
Bank loans	301.8	330.4	301.8	330.4
Provision for taxation	43.0	25.8	42.4	25.2
	1,048.8	1,073.1	913.2	895.8
Net current (liabilities)/assets	(440.0)	(511.7)	146.2	106.8
Non-current liabilities				
Bank loans	450.0	475.0	450.0	475.0
Other payables	36.3	38.2	36.3	38.2
Deferred income	41.5	45.1	-	-
Deferred tax liabilities	107.5	108.1	66.3	71.4
	635.3	666.4	552.6	584.6
Net assets	120.2	54.0	1,266.3	1,207.8
Shareholders' equity				
Share capital	262.6	260.3	262.6	260.3
Reserves	(142.4)	(206.3)	1,003.6	947.5
Total equity	120.2	54.0	1,266.3	1,207.8

3. GROUP CASH FLOW STATEMENT

	Quarter ended 31 Mar	
	2011 S\$m	2010 S\$m
Operating Activities		
Profit before taxation	85.8	52.5
Adjustments for :		
Depreciation and amortisation (net of asset grants)	69.1	60.7
Fixed assets written off	1.2	1.1
Share-based payments expenses	1.5	1.4
Changes in fair value of financial instruments	(1.9)	0.1
Net finance expenses	4.8	5.3
Accretion of deferred income related grants	(3.0)	-
Other non-cash items	0.3	0.1
Operating cash flow before working capital changes	157.9	121.1
Changes in working capital	16.0	47.3
Net cash from operating activities	173.9	168.5
Investing Activities		
Proceeds from disposal of fixed assets	0.0	1.8
Purchase of fixed assets	(41.5)	(48.6)
Interest received	0.2	0.3
Net cash used in investing activities	(41.3)	(46.5)
Financing Activities		
Proceeds from issue of shares	0.6	0.4
Finance expenses paid	(9.0)	(9.3)
Proceeds from loans	-	200.0
Repayment of loans	(53.6)	(230.4)
Purchase of treasury shares	(5.2)	-
Net cash used in financing activities	(67.2)	(39.3)
Net change in cash and cash equivalents	65.4	82.7
Cash and cash equivalents at beginning of the period	237.5	234.2
Cash and cash equivalents at end of the period	303.0	316.9

4. GROUP UNSECURED BORROWINGS

	31 Mar 11 S\$m	31 Dec 10 S\$m
Unsecured borrowings		
Amount repayable in one year or less	301.8	330.4
Amount repayable after one year	450.0	475.0
Total	751.8	805.4

5. STATEMENT OF CHANGES IN EQUITY

Group	Share capital S\$m	Goodwill written off S\$m	Share- based payment reserve S\$m	Hedging reserve S\$m	Treasury shares S\$m	Retained profits S\$m	Total reserves S\$m	Total equity S\$m
At 1 Jan 2011	260.3	(276.3)	15.7	(7.7)	(0.1)	62.1	(206.3)	54.0
Issue of shares pursuant to share option, performance shares & restricted stock plans	2.3	-	(1.7)	-	-	-	(1.7)	0.6
Share-based payments expenses	-	-	1.5	-	-	-	1.5	1.5
Purchase of treasury shares	-	-	-	-	(5.2)	-	(5.2)	(5.2)
Transfer from treasury shares to share-based payment reserve	-	-	0.1	-	-	-	0.1	0.1
Total comprehensive income for the period (net of tax)	-	-	-	0.1	-	69.1	69.2	69.2
At 31 Mar 2011	262.6	(276.3)	15.5	(7.6)	(5.3)	131.2	(142.4)	120.2
At 1 Jan 2010	257.5	(276.3)	13.0	(7.4)	(3.0)	142.0	(131.7)	125.8
Issue of shares pursuant to share option, performance shares & restricted stock plans	1.1	-	(0.7)	-	-	-	(0.7)	0.4
Share-based payments expenses	-	-	1.4	-	-	-	1.4	1.4
Transfer from treasury shares to share-based payment reserve	-	-	(2.9)	-	2.9	-	-	-
Total comprehensive income for the period (net of tax)	-	-	-	0.1	-	42.7	42.7	42.7
At 31 Mar 2010	258.6	(276.3)	10.8	(7.3)	(0.0)	184.6	(88.2)	170.4

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

Company	Share capital S\$m	Merger/ Capital reserve S\$m	Share- based payment reserve S\$m	Hedging reserve S\$m	Treasury shares S\$m	Retained profits S\$m	Total reserves S\$m	Total equity S\$m
At 1 Jan 2011	260.3	276.5	15.7	(7.7)	(0.1)	663.1	947.5	1,207.8
Issue of shares pursuant to share option, performance shares & restricted stock plans	2.3	-	(1.7)	-	-	-	(1.7)	0.6
Share-based payments expenses	-	-	1.5	-	-	-	1.5	1.5
Purchase of treasury shares	-	-	-	-	(5.2)	-	(5.2)	(5.2)
Transfer from treasury shares to share-based payment reserve	-	-	0.1	-	-	-	0.1	0.1
Total comprehensive income for the period (net of tax)	-	-	-	0.1	-	61.3	61.5	61.5
At 31 Mar 2011	262.6	276.5	15.5	(7.6)	(5.3)	724.4	1,003.6	1,266.3
At 1 Jan 2010	257.5	276.5	13.0	(7.3)	(3.0)	705.1	984.3	1,241.8
Issue of shares pursuant to share option, performance shares & restricted stock plans	1.1	-	(0.7)	-	-	-	(0.7)	0.4
Share-based payments expenses	-	-	1.4	-	-	-	1.4	1.4
Transfer from treasury shares to share-based payment reserve	-	-	(2.9)	-	2.9	-	-	-
Total comprehensive income for the period (net of tax)	-	-	-	0.0	-	51.1	51.2	51.2
At 31 Mar 2010	258.6	276.5	10.8	(7.3)	(0.0)	756.2	1,036.2	1,294.8

6. CHANGES IN COMPANY'S SHARE CAPITAL

Share Capital

As at 31 March 2011, the share capital of the Company amounted to S\$262.6 million comprising 1,715,158,337 issued ordinary shares (excluding treasury shares) (31 December 2010: S\$260.3 million or 1,715,967,205 ordinary shares, excluding treasury shares).

Issue of new shares

For the quarter ended 31 March 2011, the Company issued a total of 1,191,132 new ordinary shares to employees pursuant to the Company's obligations under its share-based plans as follows:

442,818 ordinary shares upon the exercise of options by participants pursuant to the Company's share option plans at exercise prices ranging from S\$0.88 to S\$1.52 per ordinary share; and

748,314 ordinary shares were issued as fully paid shares via the transfer from the Company's share-based payment reserve to participants to satisfy the payout under the Company's Performance and Restricted Share Plans.

Treasury Shares

During the quarter, the Company bought back 2,000,000 ordinary shares from the market at the total consideration of S\$5.2 million. As a result, the treasury share balance as at 31 March 2011 amounted to S\$5.3 million or 2,012,740 treasury shares (31 December 2010: 12,740 ordinary shares).

Outstanding Shares – Employees' Share-Based Plans

Share Option Plans

As at 31 March 2011, the outstanding balance of unexercised options under the Company's share option plans totaled 3,550,368 (31 December 2010: 4,011,486) or 0.2% of total issued shares in the capital of the Company.

Performance Share Plan

As at 31 March 2011, the outstanding balance of conditional awards under the Performance Share Plan was 1,955,150 ordinary shares (31 December 2010: 1,243,750).

Under the StarHub's Performance Share Plan, the number of conditional awards disclosed is based on the assumption that the payout is at the "Target" level of performance for the various key performance indicators set over a 3-year performance period under each grant, and with each grant paying out on its 3rd year anniversary of its grant date.

Restricted Stock Plan

As at 31 March 2011, the outstanding balance of conditional awards under the Restricted Stock Plan was 5,511,372 ordinary shares (31 December 2010: 4,881,516).

Under the StarHub's Restricted Stock Plan, there are two types of awards:

- 1) For performance-based awards, the outstanding number of shares reported for such grants which have not fulfilled the performance period is assumed to be at "Target" performance level of the various key performance indicators as set out over a 2-year period. The payout will be over a 2-year period after this performance period.
- 2) For time-based awards, it is based on the outstanding number of shares to be delivered when the time-based service conditions are fulfilled.

7. AUDIT

The financial statements have not been audited or reviewed.

8. AUDITORS' REPORT

Not applicable

9. ACCOUNTING POLICIES

The Group and the Company have applied the same accounting policies and method of computation as in the most recent audited financial statements for the year ended 31 December 2010.

In the current financial period, the Group and the Company have adopted all the new and revised Financial Reporting Standards (FRSs) and Interpretations of FRSs (INT FRSs) that are relevant to its operations and effective for annual periods beginning on 1 January 2011. The adoption of these new/revised FRSs and INT FRSs does not result in substantial changes to the Group's and the Company's accounting policies and has no material effect on the amounts reported for the current or prior periods.

10. CHANGES IN ACCOUNTING POLICIES AND ESTIMATES

Not applicable.

11. GROUP EARNINGS PER ORDINARY SHARE

	Quarter ended 31 Mar	
	2011	2010
Basic		
Earnings per share	4.03 cents	2.49 cents
Weighted average number of shares ('000)	1,716,029	1,714,159
Diluted		
Earnings per share	4.01 cents	2.48 cents
Weighted average number of shares ('000)	1,725,456	1,719,763

12. NET ASSET VALUE PER ORDINARY SHARE

	Group		Company	
	31 Mar 2011	31 Dec 2010	31 Mar 2011	31 Dec 2010
Net asset value per share	7.0 cents	3.1 cents	73.8 cents	70.4 cents

13. REVIEW OF GROUP PERFORMANCE

	Quarter ended 31 Mar			
	2011 S\$m	2010 S\$m	Incr / (Decr) S\$m	%
Operating revenue	558.5	557.2	1.3	0.2
Operating expenses	(470.8)	(499.5)	(28.6)	(5.7)
Other income	3.0	-	3.0	-
Profit from operations	90.7	57.7	32.9	57.1
Finance income	0.2	0.3	(0.0)	(13.9)
Finance expenses	(5.1)	(5.5)	(0.5)	(8.4)
Profit before taxation	85.8	52.5	33.4	63.6
Taxation	(16.7)	(9.8)	6.9	70.3
Profit for the period	69.1	42.7	26.5	62.1
EBITDA	159.8	118.4	41.4	34.9
Service revenue	530.7	527.3	3.3	0.6
EBITDA as a % of service revenue	30.1%	22.5%	7.6 %pts	

Results for the period ended 31 March 2011

For the quarter ended 31 March 2011, the Group's operating revenue at S\$558.5 million was S\$1.3 million higher year-on-year, attributable to higher service revenue, offset by lower revenue from sale of equipment.

Total service revenue increased S\$3.3 million year-on-year to S\$530.7 million in 1Q-2011. The revenue increase was attributed to higher Mobile and Fixed network services revenue which increased S\$9.3 million and S\$3.7 million respectively. This was offset by lower Pay TV service revenue which decreased S\$10.0 million year-on-year due to the lowering of the Sports Group monthly subscription price from S\$25 to S\$12 per month in June 2010 and a lower Sports Group subscriber base post the 2008/2010 Barclay Premier League ("BPL") season.

Against 1Q-2010, this quarter's revenue from sale of equipment was S\$2.0 million or 7% lower at S\$27.8 million, primarily due to lower quantity of handsets sold, mitigated by higher average blended selling price per unit.

The breakdown of operating revenue and percentage mix by lines of business for the quarter ended 31 March is tabulated below:

	Quarter ended 31 Mar					
	2011		2010		Incr / (Decr)	
Operating revenue	S\$m	% mix	S\$m	% mix	S\$m	%
Mobile revenue	295.6	52.9%	286.3	51.4%	9.3	3.3
Pay TV revenue	91.6	16.4%	101.6	18.2%	(10.0)	(9.9)
Broadband revenue	59.9	10.7%	59.5	10.7%	0.4	0.6
Fixed network services revenue	83.6	15.0%	79.9	14.3%	3.7	4.6
Total service revenue	530.7	95.0%	527.3	94.6%	3.3	0.6
Sale of equipment	27.8	5.0%	29.8	5.4%	(2.0)	(6.8)
Total	558.5	100.0%	557.2	100.0%	1.3	0.2

Profitability

For the quarter, profit from operations was 57% higher when compared to 1Q-2010, at S\$90.7 million as a result of the higher service revenue, government grants of S\$3.0 million in other income, and lower operating expenses. Operating expenses decreased 6% year-on-year due to lower cost of sales, which decreased S\$32.8 million or 13% year-on-year to S\$216.4 million in 1Q-2011, offset by higher other operating expenses, which increased S\$4.2 million or 2% year-on-year to total S\$254.5 million for the quarter. The lower cost of sales were due to lower cost of equipment sold as a result of lower quantity of handsets sold and lower cost of services in programming costs for the Pay TV business. The increase in other operating expenses were mainly due to higher depreciation and amortisation, marketing and promotion and allowance for doubtful receivables, mitigated by lower other expenses, operating lease and staff costs.

The Group EBITDA for the quarter was S\$41.4 million or 35% higher at S\$159.8 million. EBITDA margin on service revenue expanded 7.6% points to 30.1% in 1Q-2011, up from 22.5% in 1Q-2010.

Against 1Q-2010, finance expenses decreased 8% to S\$5.1 million for the quarter as a result of the lower average outstanding bank loans in the quarter and a lower interest rate.

Consequently, Group profit before taxation was up 64% year-on-year to S\$85.8 million in 1Q-2011.

As a result of the higher taxable profits, a higher taxation charge totaling S\$16.7 million was required for the quarter.

The Group's net profit after taxation increased 62% year-on-year to S\$69.1 million in 1Q-2011.

Mobile Service Revenue

Mobile revenue	Quarter ended 31 Mar			
	2011 S\$m	2010 S\$m	Incr / (Decr) S\$m %	
Post-paid	231.5	220.2	11.3	5.1
Pre-paid	64.1	66.0	(2.0)	(3.0)
Total	295.6	286.3	9.3	3.3

Mobile operating statistics	Quarter ended		
	31 Mar 2011	31 Dec 2010	31 Mar 2010
Number of registered customers (in thousands)			
Post-paid	1,031	1,036	966
Pre-paid	1,114	1,109	1,009
Total	2,145	2,145	1,975
Monthly minutes of use per registered customer			
Post-paid	341	354	387
Pre-paid	493	500	559
Average monthly SMS per registered user (originating)			
Post-paid	256	257	255
Pre-paid	133	138	154
Mobile Data Traffic (in GBytes)			
Post-paid	3,511,887	3,482,171	2,929,946
Pre-paid	57,484	45,941	22,194
ARPU with IDD included (S\$ per month)			
Post-paid	72	73 *	71
Pre-paid	20	20	23
Non-voice service as a contribution to ARPU			
Post-paid	36.8%	36.1% *	35.4%
Pre-paid	16.0%	15.4%	12.6%
Average acquisition cost per gross connection (S\$)	126	120	126
Average monthly churn rate (post-paid)	1.1%	1.1%	1.2%
Singapore mobile penetration ⁽¹⁾	144.2%	143.6%	137.9%
Market Share ⁽¹⁾	29.1%	29.4%	28.7%

Note:

⁽¹⁾ Source : IDA (As at February 2011)

* Normalised

Total mobile services

Total mobile services revenue for the quarter increased S\$9.3 million or 3% year-on-year to S\$295.6 million, with contribution mainly from Post-paid mobile services. As a percentage of

overall revenue mix, mobile services revenue was 52.9% in this quarter, up from 51.4% in the same quarter last year.

Post-paid mobile services

Year-on-year, Post-paid mobile services revenue in 1Q-2011 rose S\$11.3 million or 5% to S\$231.5 million, driven by the higher subscriber base and a higher ARPU at S\$72.

As at 31 March 2011, Post-paid mobile customer base stood at 1,031K subscribers, 65K or 7% more than the 966K customer base as at 31 March last year. For the quarter, however, there was a net customer churn of 5K mainly arising from customers who terminated their data-only plans upon expiry as alternative smart devices and more data/voice bundled plans became available. There was also increased services termination in the quarter due to the delayed effects of dunning when we migrated to the new customer business support system late last year.

During the quarter, we continued to see increased take-up of our "SmartSurf" plans, which saw higher monthly recurring subscription fees. This helped to mitigate the lower chargeable voice/data usage. For the quarter, Post-paid ARPU at S\$72 was S\$1 higher compared to 1Q-2010, on account of higher subscription, IDD and roaming revenue, offset by lower chargeable voice and data usage. With the continued popularity of smart phones and other mobile data devices in the quarter, our Post-paid data traffic was driven higher by 20% year-on-year to 3.5million Gigabytes in 1Q-2011. As a percentage of ARPU, non-voice service grew to 36.8% in 1Q-2011 as against 35.4% in 1Q-2010. On the other hand, voice usage per customer declined year-on-year to 341 minutes per month in 1Q-2011.

For the quarter, average Post-paid monthly churn was 1.1%, down from 1.2% in 1Q-2010.

Pre-paid mobile services

For the quarter, Pre-paid mobile services revenue was 3% lower year-on-year at S\$64.1 million, on account of a lower ARPU over an enlarged customer base.

As at 31 March 2011, Pre-paid mobile customer base was 1,114K, after accounting for 5K net customer additions for the quarter. This was 105K or 10% higher than the 1,009K customer base a year ago.

This quarter's Pre-paid ARPU at S\$20 was S\$3 lower than 1Q-2010 due mainly to lower voice and SMS usage. Pre-paid voice minutes of use per customer decreased from 559 minutes per month in 1Q-2010 to 493 minutes this quarter. Pre-paid average originating SMS was also lower at 133 SMS in 1Q-2011, compared to 154 in the same quarter last year. This was mitigated by higher Pre-paid mobile data traffic which grew 2.6 times year-on-year to 57K Gigabytes this quarter, driven by the take-up of our Pre-paid Maxmobile and Blackberry datapacks. As such, Pre-paid non-voice as a percentage of ARPU was 16.0% in 1Q-2011 as against 12.6% in 1Q-2010.

Acquisition Cost per gross connection

This quarter's average blended acquisition cost per gross connection was S\$126, which is comparable to 1Q-2010.

Pay TV Revenue

	Quarter ended 31 Mar			
	2011	2010	Incr / (Decr)	
	S\$m	S\$m	S\$m	%
Pay TV revenue	91.6	101.6	(10.0)	(9.9)

Pay TV operating statistics	Quarter ended		
	31 Mar	31 Dec	31 Mar
	2011	2010	2010
Number of residential Pay TV customers (in thousands)	542	538	541
ARPU (S\$ per month)	49	48	55
Average monthly churn rate	1.1%	1.2%	0.9%
StarHub's penetration	45.9%	45.8%	46.7%

For the quarter, Pay TV revenue amounted to S\$91.6 million, S\$10.0 million or 10% lower compared to 1Q-2010. The lower revenue was mainly due to the reduction in Sports Group's monthly subscription price from S\$25 to S\$12 in June 2010 and a lower sports subscriber base post BPL. As a result, Pay TV ARPU for the quarter also decreased to S\$49.

During the quarter, we continued to drive the take up of our Value Packs and add-on channels / groups through promotional discounts, free months and free previews. This saw our Pay TV subscriber base increasing 4K for the quarter to 542K customers as at 31 March 2011. This was 1K higher than the customer base a year ago when we had the BPL broadcasting rights.

This quarter's Pay TV average monthly churn was stable at 1.1%, tracking the average monthly churn in 2010.

Broadband Revenue

	Quarter ended 31 Mar			
	2011	2010	Incr / (Decr)	
	S\$m	S\$m	S\$m	%
Broadband revenue	59.9	59.5	0.4	0.6

Broadband operating statistics	Quarter ended		
	31 Mar	31 Dec	31 Mar
	2011	2010	2010
Number of residential broadband customers - subscription-based (in thousands)	425	422	408
ARPU (S\$ per month)	45	46	48
Average monthly churn rate	1.3%	1.1%	1.2%

On the back of a larger customer base, Broadband revenue increased S\$0.4 million or 1% year-on-year to S\$59.9 million for the quarter.

In this quarter, marketing promotions were focused on offering attractive premiums or discounts off monthly subscriptions to encourage sign up of broadband services. As a result, total broadband customer base grew 2K for the quarter to reach 425K as at 31 March 2011. Compared to last year, this was 17K or 4% higher.

Due to the higher mix of customers on lower speed price plans and customers opting for subscription discount offers, the Broadband ARPU was S\$3 lower year-on-year at S\$45 this quarter.

Broadband average monthly churn was higher at 1.3% this quarter, mainly due to the churn of some MaxOnline customers as their promotional contract periods expired.

Fixed Network Services Revenue

Fixed Network Services Revenue	Quarter ended 31 Mar			
	2011	2010	Incr / (Decr)	
	S\$m	S\$m	S\$m	%
Data & internet	70.2	68.2	2.0	2.9
Voice services	13.4	11.7	1.7	14.7
Total	83.6	79.9	3.7	4.6

Fixed Network services revenue at S\$83.6 million for the quarter was S\$3.7 million or 5% higher compared to 1Q-2010, due to higher revenue from both Data & Internet and Voice services.

Year-on-year, this quarter's Data & Internet revenue grew S\$2.0 million or 3% to S\$70.2 million mainly due to higher subscription of Internet and Next Gen NBN services.

Voice services revenue for the quarter was S\$1.7 million or 15% higher at S\$13.4 million, primarily due to higher subscription of local voice services and increased interconnection revenue from international carriers.

Hubbing (Multi-Service Households)

Hubbing Metrics	As at			YoY Incr/(Decr) %
	31 Mar 2011	31 Dec 2010	31 Mar 2010	
Total Singapore occupied homes (in thousands, estimated) ⁽¹⁾	1,175	1,175	1,165	0.9
Total hubbing households with at least one service of post-paid mobile, pay TV and/or broadband services (in thousands)	788	790	788	0.0
Percentage of total hubbing households which subscribe to any two services	30.3%	30.4%	30.8%	(0.5)% pts
Percentage of total hubbing households which subscribe to all three services	25.7%	25.3%	24.0%	1.7% pts
Total hubbing households which subscribe to two or more services	56.0%	55.7%	54.8%	1.2% pts

Note:

(1) Source: Nielsen Media Research for 2010 estimates

Compared to a year ago, total hubbing households was stable at 788K as at 31 March 2011. As a percentage of occupied homes in Singapore, our hubbing household penetration as at end March 2011 was slightly lower at 67% compared to 68% last year.

The quarter’s marketing initiatives continued to encourage customers to take up multi-services from StarHub. As a result, the number of households subscribing to more than one StarHub service expanded to 56.0% as at end of 1Q-2011, up from 54.8% a year ago.

The total number of Hub Club customers (households with all 3 hubbing services) stood at 203K, up from 189K last year. As a percentage of overall hubbing households, our Hub Club ratio rose to 25.7% from 24.0% last year.

Operating expenses

	Quarter ended 31 Mar			
	2011	2010	Incr / (Decr)	
Operating expenses	S\$m	S\$m	S\$m	%
Cost of sales	216.4	249.2	(32.8)	(13.2)
Other operating expenses	254.5	250.3	4.2	1.7
Total	470.8	499.5	(28.6)	(5.7)

For the quarter, total operating expenses amounted to S\$470.8 million, 6% lower compared to 1Q-2010. The lower expenses year-on-year was attributed to lower cost of sales which decreased 13%, offset by a 2% increase in other operating expenses.

As a percentage of operating revenue, total operating expenses was 84.3% in 1Q-2011 as compared to 89.6% in 1Q-2010.

The breakdowns of the total operating expenses are as follows:

(A) Cost of sales

	Quarter ended 31 Mar			
	2011	2010	Incr / (Decr)	
Cost of sales	S\$m	S\$m	S\$m	%
Cost of equipment sold	83.7	93.8	(10.1)	(10.8)
Cost of services	70.8	88.4	(17.6)	(19.9)
Traffic expenses	61.9	66.9	(5.1)	(7.6)
Total	216.4	249.2	(32.8)	(13.2)

Compared to 1Q-2010, this quarter's total cost of sales decreased S\$32.8 million or 13% to S\$216.4 million. As a percentage of operating revenue, cost of sales mix was lower at 38.7% in 1Q-2011 when compared to 44.7% in 1Q-2010.

Due to the lower quantity of handsets sold this quarter, cost of equipment sold decreased S\$10.1 million or 11% year-on-year to S\$83.7 million. As a percentage of operating revenue, cost of equipment was 15.0% in 1Q-2011, down from 16.8% in 1Q-2010.

Cost of services was S\$17.6 million or 20% lower than 1Q-2010 at S\$70.8 million this quarter. This was mainly due to net lower programming costs arising from the non carriage of the BPL content which was offset by higher content costs for new and renewed content contracts. As a percentage of operating revenue, cost of services ratio decreased from 15.9% in 1Q-2010 to 12.7% in 1Q-2011.

For the quarter, traffic expenses were 8% lower at S\$61.9 million, compared to S\$66.9 million in 1Q-2010, despite higher traffic volume delivered over the fixed and mobile networks. This was mainly due to lower interconnection rates negotiated with our carrier partners, which resulted in overall lower traffic expenses. As a ratio of operating revenue, traffic expenses were 11.1% in 1Q-2011 as compared to 12.0% in 1Q-2010.

(B) Other operating expenses

	Quarter ended 31 Mar			
	2011	2010	Incr / (Decr)	
Other operating expenses	S\$m	S\$m	S\$m	%
Staff costs	65.9	67.7	(1.8)	(2.7)
Operating lease	34.4	36.5	(2.1)	(5.8)
Marketing and promotion	42.5	40.5	2.0	4.9
Allowance for doubtful receivables	5.0	4.1	0.9	23.3
Repair and maintenance	18.0	17.8	0.2	0.9
Other expenses	19.5	22.8	(3.3)	(14.6)
Sub total	185.3	189.5	(4.2)	(2.2)
Depreciation and amortisation	69.1	60.7	8.4	13.9
Total	254.5	250.3	4.2	1.7

Total operating expenses for the quarter was up S\$4.2 million or 2% to S\$254.5 million when compared to S\$250.3 million in 1Q-2010. The increase was mainly due to higher depreciation and amortisation, and marketing and promotions, mitigated by a decrease in other expenses, operating lease and staff costs. As a percentage of operating revenue, total other operating expenses was higher at 45.6% in 1Q-2011 as against 44.9% in 1Q-2010.

Staff costs

Staff costs this quarter was comparatively lower by S\$1.8 million or 3% at S\$65.9 million as the 1Q-2010 staff costs included a S\$12 million charge for payment of 2009 variable bonuses and the Government job credits which ceased in June 2010. Excluding these, the current quarter's staff costs would be 15% higher year-on-year due to higher salary costs, higher variable bonus and commission provisions. As a percentage of operating revenue, staff costs ratio this quarter was 11.8% compared to 10.3% in 1Q-2010.

Operating lease

Operating lease at S\$34.4 million in 1Q-2011 was S\$2.1 million or 6% lower year-on-year. The quarter's operating lease expenditure benefited from the write back of excess cost accruals for international capacity lease previously provided. As a ratio of operating revenue, operating lease was 6.2% for the quarter, down from 6.6% in 1Q-2010.

Marketing and promotion

Compared to 1Q-2010, this quarter's marketing and promotion expenses increased S\$2.0 million or 5% to S\$42.5 million. Higher expenses were incurred for roadshows and increased marketing and promotional initiatives to drive take-up of our multi-services hubbing packs. As a result, marketing and promotion expenses as a percentage of operating revenue rose to 7.6% in 1Q-2011 compared to 7.3% in the same quarter last year.

Allowance for doubtful receivables

Year-on-year, allowance for doubtful receivables was up S\$0.9 million or 23% to S\$5.0 million in 1Q-2011. As a percentage of service revenue, allowance for doubtful receivables was 0.9% this quarter, up from 0.8% in 1Q-2010. The higher ratio was in line with higher percentage of receivables in older age groups.

Repair and maintenance

On the back of a larger fixed asset base of our network infrastructure and information systems, repair and maintenance for the quarter was marginally higher at S\$18.0 million when compared to S\$17.8 million in 1Q-2010. As a percentage of operating revenue, repair and maintenance ratio maintained at 3.2% for both periods.

Other expenses

Against 1Q-2010, other expenses for this quarter were S\$3.3 million or 15% lower at S\$19.5 million. The lower expenses year-on-year was mainly attributed to higher exchange gain and lower allowance for stock obsolescence, offset by higher professional fees incurred on outsourcing services. As a percentage of operating revenue, other expenses were lower at 3.5% in 1Q-2011 as compared to 4.1% in 1Q-2010.

Depreciation and amortisation

Depreciation and amortisation expenses increased S\$8.4 million or 14% year-on-year to S\$69.1 million in 1Q-2011, due to the 6% increase in gross fixed asset base for the Group. As a percentage of operating revenue, depreciation and amortisation expenses rose from 10.9% in 1Q-2010 to 12.4% this quarter.

Liquidity and Capital Resources

	Quarter ended 31 Mar	
	2011 S\$m	2010 S\$m
Operating Activities		
Profit before taxation	85.8	52.5
Non-cash items & net finance expenses adjustments	72.1	68.7
Net change in working capital	16.0	47.3
Net cash from operating activities	173.9	168.5
Investing Activities		
Proceeds from disposal of fixed assets	0.0	1.8
Purchase of fixed assets	(41.5)	(48.6)
Interest received	0.2	0.3
Net cash used in investing activities	(41.3)	(46.5)
Financing Activities		
Proceeds from issue of shares	0.6	0.4
Finance expenses paid	(9.0)	(9.3)
Proceeds from loans	-	200.0
Repayment of loans	(53.6)	(230.4)
Purchase of treasury shares	(5.2)	-
Net cash used in financing activities	(67.2)	(39.3)
Net change in cash and cash equivalents	65.4	82.7
Cash and cash equivalents at beginning of the period	237.5	234.2
Cash and cash equivalents at end of the period	303.0	316.9
Free Cash Flow ⁽¹⁾	132.4	119.9

Note:

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

For the quarter ended 31 March 2011, the Group's net cash from operating activities totaled S\$173.9 million. The year-on-year increase of S\$5.4 million was attributed to higher profit from operations, offset by lower net change in working capital. This quarter's positive change in working capital of S\$16.0 million was attributed to better collection resulting in lower trade receivables and lower inventories balance, offset by higher other receivables, deposits and prepayments.

On account of lower capex payment, the total net cash used in investing activities for the quarter was lower at S\$41.3 million when compared to S\$46.5 million in 1Q-2010. Capex payment for the quarter amounted to S\$41.5 million or 7.4% of operating revenue, down from S\$48.6 million in 1Q-2010.

Due to higher net cash from operating activities and lower capex payment this quarter, the Group's free cash flow was higher at S\$132.4 million for the quarter compared to S\$119.9 million in 1Q-2010.

Total net cash used in financing activities for the quarter was S\$67.2 million. This was S\$27.9 million higher compared to 1Q-2010, as there was no drawdown of new bank loans to refinance the scheduled payments of existing bank debts, coupled with the purchase of treasury shares this quarter.

As at 31 March 2011, the Group's cash and cash equivalents were S\$303.0 million, down from S\$316.9 million a year ago.

The Group's total outstanding capital expenditure commitments as at 31 March 2011 amounted to S\$180.6 million, down by S\$28.9 million as compared to a year ago. The year-on-year decrease was mainly due to the completion of the customer management information system, and the network central offices for the Next Gen NBN infrastructure last year. The current outstanding capital expenditure commitments of S\$180.6 million comprised capital expenditure commitments for our fixed and mobile network infrastructure, investment in set-tops for Pay TV services, and the progressive roll out of Next Gen NBN infrastructure.

Gearing

During the quarter, the Group made scheduled repayments of its bank loans totaling S\$53.6 million. This lowered the Group's overall gross debts to S\$751.8 million as at 31 March 2011, 7% lower compared to 31 December 2010. After netting off the cash balance of S\$303.0 million, net debt was S\$448.8 million, 18% lower year-on-year. As a ratio of 2010 EBITDA, the Group's net debt to EBITDA ratio was 0.7 times, down from 0.9 times a year ago.

Statement of Financial Position

Compared to 31 December 2010, the Group's non-current assets decreased S\$36.6 million to S\$1,195.5 million as at 31 March 2011, due to lower net book values for fixed assets.

Total current assets rose from S\$561.4 million as at 31 December 2010 to S\$608.8 million. The increase of S\$47.4 million was mainly attributed to higher cash and bank balance, and other receivables, deposits and prepayments, offset by lower trade receivables and inventories balance.

Total current liabilities as at 31 March 2011 totaled S\$1,048.8 million. This was S\$24.3 million lower compared to 31 December 2010, due to lower current portion of bank loans outstanding, and trade payables and accruals, offset by higher provision for taxation.

Non-current liabilities decreased from S\$666.4 million as at 31 December 2010 to S\$635.3 million as at 31 March 2011. Lower outstanding bank loans and deferred income were the main factors contributing to the lower non-current liabilities.

Against 31 December 2010, the Group's shareholders' equity was S\$66.2 million higher at S\$120.2 million as at 31 March 2011, driven by higher retained profits for the quarter.

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

For the quarter ended 31 March 2011, the Group's overall operating revenue was 0.2% higher compared to 1Q-2010. This was lower compared to our guidance of single digit revenue growth for 2011.

As a percentage of service revenue, this quarter's EBITDA margin was 30.1%, in line with our 2011 EBITDA margin guidance of about 30%.

Total capex payments for the quarter were 7% of operating revenue, which was below our guidance of 13% of operating revenue for 2011.

15. GROUP OUTLOOK

The Singapore Ministry of Trade and Industry expects the economy to remain on track to grow between 4% - 6%.

In Mobile, we expect to see continued data growth driven by the increasing adoption and commercial availability of smart phones, tablets and other smart devices.

In the Pay TV space, we continue to maintain our leadership as the operator with the widest range of branded quality content. This has helped us to retain our customers, and we expect to continue to grow our customer base through the broad appeal of our programming to different customer segments.

As the NBN rolls out in 2011, we expect to see demand for services on the NBN increase in a more competitive consumer broadband market as well as new opportunities in the corporate market.

Based on the current outlook, we maintain our Group's 2011 operating revenue growth year-on-year to be in the single digit range and Group EBITDA margin as a percentage of service revenue to be about 30%. The total capex payments in 2011 are expected not to exceed 13% of operating revenue. In view of the projected profitability and cash flow in 2011, cash dividend payout remains at 5 cents per ordinary share per quarter.

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 2 June 2011.

(d) Book closure date

Notice is hereby given that the Register of Members and the Transfer Books of the Company will be closed on 23 May 2011 ("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, 138 Robinson Road, #17-00, The Corporate Office, Singapore 068906 up to the close of business at 5.00 p.m. on 20 May 2011 ("Entitlement Date") will be registered to determine members' entitlement to the interim dividend. Subject as aforesaid, persons whose securities accounts with The Central Depository (Pte) Limited are credited with ordinary shares in the capital of the Company as at 5.00 p.m. on the Entitlement Date will be entitled to the interim dividend.

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

Not applicable.

18. STATEMENT PURSUANT TO RULE 704(4) OF THE LISTING MANUAL

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 2011 to be false or misleading in any material aspects.

On behalf of the Board of Directors

Tan Guong Ching
Director

Neil Montefiore
Director

Singapore
4 May 2011

INTERESTED PERSON TRANSACTIONS

	Aggregate value of all transactions conducted under a shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual (excluding transactions less than S\$100,000) 1 January to 31 March 2011 S\$m
Transactions for the Sale of Goods & Services	
Singapore Telecommunications Limited & its associates	17.5
TeleChoice International Ltd & its associates	1.0
Temasek Holdings (Private) Limited & its associates (other than those disclosed above)	0.3
	18.7
Transactions for the Purchase of Goods & Services	
Singapore Power Limited & its associates	6.4
Singapore Telecommunications Limited & its associates	33.4
STT Communications Ltd and its associates	0.4
TeleChoice International Ltd & its associates	18.3
Temasek Holdings (Private) Limited & its associates (other than those disclosed above)	3.5
	62.0

There are no interested person transactions (excluding transactions less than S\$100,000 and transactions conducted under a shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual) entered into by StarHub Ltd and its subsidiaries for the period 1 January to 31 March 2011.