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STARHUB LTD

Announcement of Unaudited Results for the First Quarter ended 31 March 2007

StarHub is pleased to announce our unaudited results for the first quarter ended 31 March 2007.

Results for the First Quarter ended 31 March 2007

1. GROUP PROFIT AND LOSS STATEMENT

	Quarter ended 31 Mar		
	2007 S\$m	2006 S\$m	% Change +/-
Operating revenue	472.7	426.8	10.8
Operating expenses	(369.9)	(350.0)	-5.7
Profit from operations	102.8	76.8	33.9
Interest income	0.8	1.5	-45.6
Interest on borrowings	(5.8)	(2.2)	-167.2
Profit before taxation	97.8	76.1	28.6
Taxation	(27.8)	(14.7)	-89.8
Profit after taxation	70.0	61.4	13.9
Attributable to:			
Shareholders of the company	70.0	61.4	13.9
Minority interests	-	-	-
	70.0	61.4	13.9
EBITDA	157.7	127.5	23.7
EBITDA as a % of service revenue	35.0%	31.7%	3.3 pts
Free Cash Flow ⁽¹⁾	140.7	42.3	232.4
<i>Profit from operations is arrived after charging the following:</i>			
<i>Allowance for doubtful and bad debts written off</i>	2.9	3.6	20.2
<i>Depreciation and amortisation (net of asset grant)</i>	54.9	50.7	-8.4

nm - Not meaningful

@ - More than +/-300%

Notes:

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

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

2. BALANCE SHEETS

	Group		Company	
	31 Mar 07 S\$m	31 Dec 06 S\$m	31 Mar 07 S\$m	31 Dec 06 S\$m
Non-current assets				
Property, plant and equipment	896.7	919.5	267.1	273.7
Intangible assets	337.2	339.7	36.1	36.3
Investments in subsidiaries	-	-	1,162.0	1,162.0
Deferred tax assets	98.6	165.4	49.3	99.3
	1,332.6	1,424.7	1,514.4	1,571.3
Current assets				
Inventories	18.7	13.0	10.4	3.8
Trade receivables	98.0	111.5	69.2	78.1
Other receivables, deposits and prepayments	93.7	108.3	39.6	42.1
Balances with related parties	17.0	18.9	730.5	984.9
Cash and bank balances	189.6	50.2	177.2	39.8
	416.9	301.9	1,026.9	1,148.7
Current liabilities				
Trade payables and accruals	314.9	334.9	172.3	184.5
Other payables and provisions	167.5	155.0	50.8	48.2
Balances with related parties	49.3	53.4	134.8	276.0
	531.6	543.3	357.8	508.7
Net current assets/(liabilities)	(114.7)	(241.4)	669.0	640.0
Non-current liabilities				
Bank loans	633.0	633.0	633.0	633.0
Deferred income	17.8	18.6	-	-
Deferred tax liabilities	5.3	44.2	-	-
	561.8	487.5	1,550.5	1,578.2
Net assets				
Share capital	240.0	236.4	240.0	236.4
Reserves	321.8	251.1	1,310.5	1,341.8
Total equity	561.8	487.5	1,550.5	1,578.2

3. GROUP CASH FLOW STATEMENT

	Quarter ended	
	31 Mar	
	2007	2006
	S\$m	S\$m
Operating Activities		
Profit before taxation	97.8	76.1
Adjustments for :-		
Provision for charity fund/loyalty programme	2.9	2.6
Depreciation and amortisation (net of asset grant)	54.9	50.7
(Gain)/Loss on disposal/write-off of property, plant & equipment and intangible assets	(0.1)	0.5
Net interest expense	5.0	0.7
Share-based expenses	1.3	1.5
Operating cashflow before working capital changes	161.8	132.1
Changes in working capital	3.0	(16.7)
Net cash inflow from operating activities	164.9	115.4
Investing Activities		
Proceeds from disposal of property, plant and equipment and intangible assets	1.7	0.2
Purchase of property, plant and equipment and intangible assets	(24.1)	(73.0)
Interest received	0.6	1.4
Net cash outflow from investing activities	(21.8)	(71.4)
Financing Activities		
Proceeds from issue of shares	3.6	2.7
Interest paid	(7.7)	(1.6)
Grants received	0.4	-
Net proceeds from/(repayment of) loans	-	(20.0)
Net cash outflow from financing activities	(3.7)	(18.9)
Net change in cash and cash equivalents	139.4	25.1
Cash and cash equivalents at beginning of the period	50.2	174.5
Cash and cash equivalents at end of the period	189.6	199.6

4. GROUP UNSECURED BORROWINGS

	31 Mar 07	31 Dec 06
	S\$m	S\$m
Unsecured borrowings		
Amount repayable in one year or less	-	-
Amount repayable after one year	633.0	633.0
Total	633.0	633.0

5. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Group		Company	
	2007 S\$m	2006 S\$m	2007 S\$m	2006 S\$m
Share capital				
Balance as at 1 Jan	236.4	854.8	236.4	854.8
Issue of shares under StarHub Share Option Plans	3.6	2.1	3.6	2.1
Transfer from Share Premium to Share Capital ⁽¹⁾	-	19.1	-	19.1
Balance as at 31 Mar	240.0	876.0	240.0	876.0
Share premium				
Balance as at 1 Jan	-	18.5	-	18.5
Issue of shares under StarHub Share Option Plans	-	0.6	-	0.6
Transfer from Share Premium to Share Capital ⁽¹⁾	-	(19.1)	-	(19.1)
Balance as at 31 Mar	-	-	-	-
Goodwill written off				
Balance as at 1 Jan & 31 Mar	(276.3)	(276.3)	-	-
Merger reserve				
Balance as at 1 Jan & 31 Mar	213.5	213.5	-	-
Capital reserve				
Balance as at 1 Jan & 31 Mar	191.9	191.9	718.8	718.8
Share-based payment reserve				
Balance as at 1 Jan	14.0	8.5	14.0	8.5
Share-based expenses	1.3	1.5	1.3	1.5
Balance as at 31 Mar	15.3	10.1	15.3	10.1
Balance c/f	384.4	1,015.2	974.1	1,604.8

Note:

(1) Following the amendments to the Companies Act ("The Companies (Amendment) Act 2005") on 30 January 2006, the concepts of par value and authorized share capital were abolished and any amounts outstanding to the credit of the Company's share premium account shall become part of the Company's share capital. Accordingly, the share premium has been combined into the share capital account. The amount transferred from share premium account as at 30 January 2006 was S\$19.1 million.

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

	Group		Company	
	2007 S\$m	2006 S\$m	2007 S\$m	2006 S\$m
Balance b/f	384.4	1,015.2	974.1	1,604.8
Hedging reserve				
Balance as at 1 Jan	0.2	1.9	-	-
Effective portion of changes in fair value of cash flow hedge	(0.6)	0.8	-	-
Balance as at 31 Mar	(0.4)	2.6	-	-
Retained profits/(losses)				
Balance as at 1 Jan	107.8	(35.9)	609.0	401.4
Net profit/(loss) for the period	70.0	61.4	(32.7)	16.2
Balance as at 31 Mar	177.8	25.5	576.4	417.6
Total Equity	561.8	1,043.3	1,550.5	2,022.5

6. CHANGES IN COMPANY'S SHARE CAPITAL

Share CapitalIssue of new shares

For the period between 1 January 2007 and 31 March 2007, the Company issued 3,499,386 ordinary shares upon the exercise of options by participants pursuant to the Company's share option plans at exercise prices ranging from S\$0.48 to S\$1.52 per ordinary share.

Capital Reduction

On 7 March 2007, the Company announced a proposed capital reduction exercise, which will involve the capitalisation of approximately S\$444.0 million from its capital reserves, cancellation of one share out of every 12 issued shares of the Company and the payment of S\$2.86 for each share cancelled. Based on the number of issued shares of the Company as at 5 March 2007, an estimated 155.3 million shares will be cancelled and an estimated total of S\$444.0 million will be returned to the shareholders. The proposed capital reduction scheme has been approved by our shareholders and the Singapore High Court. The Company expects to return cash to shareholders by 12 July 2007.

Outstanding Shares – Employees’ Share-Based Plans

Share Option Plans

As at 31 March 2007, outstanding unexercised options granted pursuant to the Company’s share option plans totaled 21,984,823 (31 March 2006 : 45,779,098). This represents 1.2% of total issued shares in the capital of the Company.

Performance Share Plan

Under the StarHub Performance Share Plan, as at 31 March 2007, there were conditional awards in respect of 4,123,000 (31 March 2006 : 3,435,000) ordinary shares, assuming that each grant achieved the “Target” level of performance for the various key performance indicators set over a 3-year performance period.

Restricted Stock Plan

Similarly, under the StarHub Restricted Stock Plan, there were conditional awards in respect of 1,927,000 ordinary shares as at 31 March 2007 (31 March 2006 : Nil). These awards are conditional upon the grant achieving a “Target” level of performance for the various key performance indicators set over a 2-year performance period.

7. AUDIT

The figures have not been audited or reviewed.

8. AUDITORS’ REPORT

Not applicable.

9. ACCOUNTING POLICIES

The Group has applied the same accounting policies and method of computation as in the most recent audited financial statements for the year ended 31 December 2006.

10. CHANGES IN ACCOUNTING POLICIES AND ESTIMATES

Not applicable.

11. GROUP EARNINGS PER ORDINARY SHARE

	Quarter ended 31 Mar	
	2007	2006
Basic	3.78 cents	2.87 cents
Diluted	3.74 cents	2.84 cents

12. NET ASSET VALUE PER ORDINARY SHARE

	Group		Company	
	31 Mar 2007	31 Dec 2006	31 Mar 2007	31 Dec 2006
Net asset value per share	30.3 cents	26.3 cents	83.6 cents	85.3 cents

13. REVIEW OF GROUP PERFORMANCE

	Quarter ended 31 Mar			
	2007 S\$m	2006 S\$m	Change (+/-) S\$m %	
Operating revenue	472.7	426.8	45.9	10.8
Profit from operations	102.8	76.8	26.0	33.9
Interest income	0.8	1.5	(0.7)	-45.6
Interest on borrowings	(5.8)	(2.2)	(3.6)	-167.2
Profit before taxation	97.8	76.1	21.7	28.6
Taxation	(27.8)	(14.7)	(13.2)	-89.8
Profit after taxation	70.0	61.4	8.6	13.9
EBITDA	157.7	127.5	30.2	23.7
EBITDA as a % of service revenue	35.0%	31.7%	3.3 pts	-
Free cash flow	140.7	42.3	98.4	232.4

Results for the period ended 31 March 2007

Compared to 1Q06, Group operating revenue increased 11% or S\$45.9 million year-on-year (“YoY”) to S\$472.7 million for 1Q07. All lines of business contributed to the higher revenue in the quarter: Fixed Network services and Broadband revenue registered mid-teens increase YoY, Mobile revenue was up 11% YoY and Cable TV revenue increased 9% YoY.

The strong operating performance resulted in 1Q07 EBITDA increasing by 24% or S\$30.2 million YoY to S\$157.7 million. As a percentage of service revenue, EBITDA margin expanded 3.3 percentage points to 35.0% for the quarter compared to 31.7% a year ago. This led to profit from operations being higher at S\$102.8 million or 34% increase YoY, after deducting the higher depreciation of S\$54.9 million for the quarter.

The quarter also saw interest on borrowings increasing to S\$5.8 million, S\$3.6 million or 167% higher YoY. This was due to the level of debt at S\$633.0 million compared to S\$223.0 million in 1Q06. Interest income in 1Q07 amounted to S\$0.8 million, 46% lower than that in 1Q06. This was mainly due to approximately 18% YoY lower average monthly cash balance in 1Q07 as compared to 1Q06 and the lower interest rates for short term deposits in 1Q07.

Consequently, profit before taxation at S\$97.8 million was 29% or S\$21.7 million higher YoY.

Tax expense of S\$27.8 million for the quarter was S\$13.2 million higher when compared to S\$14.7 million in 1Q06. While the increased profitability in the quarter resulted in a higher tax charge, the announced revision in the Singapore corporate income tax rate from 20% to 18% this year required an adjustment to the deferred tax asset/liability balances recorded in the balance sheet. As at 1 January 2007, the Group had a net total of S\$121.2 million deferred tax assets recorded in its balance sheet which required a tax adjustment of S\$12.1 million in order to account for the reduction in the corporate income tax rate. Excluding this one-off corporate tax rate adjustment and a net credit adjustment of S\$4.9 million on the group's deferred tax position as a result of group's tax relief provisions, the effective tax rate for the Group is at 21%.

As a result, profit after taxation amounted to S\$70.0 million for the quarter, 14% higher YoY. Excluding the one-off corporate tax rate adjustment, profit after taxation would have shown an increase of 34% YoY.

Free cash flow for the quarter increased to S\$140.7 million, S\$98.4 million higher than the S\$42.3 million recorded a year ago. This was due to higher cash flow generated from operating activities and lower cash outflow for capital expenditure recorded this quarter.

Operating Revenue

The breakdown of the Group's operating revenue is as follows:

	Quarter ended 31 Mar			
	2007 S\$m	2006 S\$m	Change (+/-) S\$m %	
Operating revenue				
Mobile revenue	242.4	217.9	24.6	11.3
Cable TV revenue	79.2	73.0	6.3	8.6
Broadband revenue	60.4	52.5	7.9	15.1
Fixed network services revenue	68.2	58.9	9.3	15.8
Total service revenue	450.3	402.2	48.1	12.0
Sale of equipment	22.4	24.6	(2.2)	-8.8
Total	472.7	426.8	45.9	10.8

	Quarter ended 31 Mar	
	2007 Mix %	2006 Mix %
Operating revenue mix		
Mobile revenue	51.3	51.1
Cable TV revenue	16.8	17.1
Broadband revenue	12.8	12.3
Fixed network services revenue	14.4	13.8
Sale of equipment	4.7	5.8
Total	100.0	100.0

In the 1st quarter of 2007, the Group's service revenue at S\$450.3 million was S\$48.1 million or 12% higher YoY when compared to S\$402.2 million in 1Q06. All business lines contributed to the YoY revenue increase. Fixed network services recorded the highest YoY increase at 16% to record revenue of S\$68.2 million this quarter. Broadband revenue grew 15% YoY while Mobile revenue increased 11% YoY. The operating revenue mix of the various lines of business remained relatively unchanged with Mobile revenue making up the largest revenue share at 51%, followed by Cable TV at 17%, Fixed at 14% and Broadband at 13%. Revenue from sales of equipment made up the balance of the operating revenue mix at 5%. Revenue from sales of equipment at S\$22.4 million this quarter was 9% lower YoY due to a lower quantity of handsets sold to new and re-contracting customers.

Mobile Service Revenue

	Quarter ended 31 Mar			
	2007	2006	Change (+/-)	
Mobile revenue	S\$m	S\$m	S\$m	%
Post-paid	181.3	172.1	9.2	5.3
Pre-paid	61.1	45.7	15.4	33.7
Total	242.4	217.9	24.6	11.3

Mobile Key Drivers	Quarter ended		
	31 Mar 2007	31 Dec 2006	31 Mar 2006
Number of mobile customers (in thousands)			
Post-paid	788	787	770
Pre-paid	798	749	680
Total	1,586	1,536	1,450
Monthly minutes of use per active customer			
Post-paid	532	551	535
Pre-paid	305	302	195
Average monthly SMS per user (originating)			
Post-paid	193	193	180
Pre-paid	105	107	92
Total MMS traffic (in millions)	3.3	3.5	3.7
Total GPRS traffic (in GBytes)			
Post-paid	1,464.2	1,406.5	736.6
Pre-paid	77.6	79.4	47.9
ARPU with IDD included (S\$ per month)			
Post-paid	71	72	70
Pre-paid	26	27	23
Non-voice service as a contribution to ARPU			
Post-paid	21.0%	20.6%	20.2%
Pre-paid	10.8%	11.7%	12.1%
Average acquisition cost per gross connection (S\$)	92	106	104
Average monthly churn rate (post-paid)	1.2%	1.1%	1.2%
Singapore mobile penetration ⁽¹⁾	106.8%	103.4%	100.8%
Market Share	33.1%	33.1%	33.1%

Note:
(1) Source : IDA

Despite the over 106% penetration in the Singapore mobile market, we had 50K customer net-adds in 1Q07, coming mainly from the Pre-paid segment of the market. As at 31 March 2007, our overall Mobile customer base stood at 1.59 million customers, a 9% increase YoY when compared to the base of 1.45 million customers a year ago.

Mobile showed consistently strong revenue at S\$242.4 million for the quarter. Compared to 1Q06, this was an increase of 11% YoY. Pre-paid segment contributed to a large part of the overall Mobile revenue increase YoY, which resulted in its share of the mobile revenue mix increasing to 25% this quarter compared to 21% a year ago. Year-on-year, Pre-paid revenue increased 34% to amount to S\$61.1 million for 1Q07 while Post-paid revenue increased 5% to S\$181.3 million for the quarter.

Based on the IDA statistics, at end March 2007, our mobile market share is estimated to be maintained at 33.1%.

Post-paid mobile services

Compared to 1Q06, our Post-paid mobile services revenue increased S\$9.2 million or 5% YoY to S\$181.3 million in 1Q07 driven by a larger Post-paid customer base and higher ARPU of S\$71.

In 1Q07, we added 0.7K net Post-paid subscribers, bringing our Post-paid customer base to 787.7K subscribers as at 31 March 2007. 3G Post-paid subscribers totaled 217K, accounting for 28% of our total Post-paid customer base, up from 9% or 71K 3G subscribers recorded in 1Q06. This is driven largely by the wider range of 3G handsets that are now available in the market compared to a year ago.

Average monthly churn for the quarter was at the same level as in 1Q06 at 1.2%.

Post-paid ARPU for the quarter was S\$1 higher at S\$71 when compared to 1Q06. This was attributable to the higher roaming and IDD usages and a marginal increase in subscription revenue arising from a shift in mix to higher subscription price plans in 1Q07. With increasingly more attractive and feature-rich 3G and data handsets being available in the market, this helped to drive the take up of data subscription plans. This led to non-voice services as a percentage of Post-paid ARPU increasing marginally from 20.2% in 1Q06 to 21.0% in 1Q07. Overall data traffic delivered over our mobile data network has doubled to 1,464GBytes compared to 737GBytes a year ago.

Pre-paid mobile services

Pre-paid mobile services revenue continued to show good growth in the quarter, recording S\$61.1 million in 1Q07. This is 34% higher YoY when compared to 1Q06. The increase was driven by the enlarged customer base and increased revenue throughput.

In 1Q07, we have a net-add of 49K Pre-paid customers which is 14% higher net-adds when compared to 43K net customers added a year ago. Our Pre-paid customer base expanded 18% YoY to total 798.3K customers as at 31 March 2007.

Our Pre-paid ARPU remained strong at S\$26, a S\$3 increase YoY. Despite the increased promotions by our competitors in the market, StarHub continues to be the preferred brand. In the current quarter, the average MOU per active Pre-paid customer increased by more than 50% YoY to 305 minutes per month. However, most of this increase is from our “free-incoming” plans, which are offered at a flat rate of S\$0.59 per day.

Acquisition Cost

For the quarter, average (blended) acquisition cost per gross connection was driven lower to S\$92 as a result of the higher mix of Pre-paid service connections this quarter, where acquisition costs are significantly lower as compared to Post-paid service connections.

Cable TV Revenue

	Quarter ended 31 Mar			
	2007	2006	Change (+/-)	
	S\$m	S\$m	S\$m	%
Cable TV revenue	79.2	73.0	6.3	8.6

Cable TV Key Drivers	Quarter ended		
	31 Mar 2007	31 Dec 2006	31 Mar 2006
Number of residential cable TV customers (in thousands)	490	487	453
ARPU (S\$ per month)	48	47	47
Average monthly churn rate	1.1%	1.0%	1.0%
Percentage of home-passed	99.9%	99.9%	99.9%
StarHub's penetration	43.6%	43.4%	40.5%

Cable TV revenue increased 9% YoY to S\$79.2 million for the current quarter. The increase was driven by a higher percentage of customers subscribing to the digital tier and also the increase in the overall Cable TV subscribers' base.

In 1Q07, we had a net-add of 3K customers, bringing our Cable TV customer base to a total of 490K customers as at 31 March 2007. Digital Cable customers totaled 342K or 70% of the Cable TV customer base. This was a 55% increase from the 221K Digital Cable customers a year ago.

During the quarter, new digital tier channels were added and marketing offers were undertaken to drive higher take-ups for our cable TV service and premium channels. These included new channels such as FX, CNN Headline News, Channel [V] Mainland China, Taiwan as well as “season pass” events for our Demand TV programs and pay-per-view for the Cricket World Cup event in March & April. These and the higher percentage of Digital Cable customers in the base contributed to the higher ARPU of S\$48 this quarter.

Average monthly churn in 1Q07 was slightly higher at 1.1% compared to 1.0% in 1Q06.

As at 31 March 2007, our Cable TV market penetration increased to 43.6%, 3.1 percentage points higher than the 40.5% penetration rate a year ago.

Broadband Revenue

	Quarter ended 31 Mar			
	2007	2006	Change (+/-)	
	S\$m	S\$m	S\$m	%
Broadband revenue	60.4	52.5	7.9	15.1

Broadband Key Drivers	Quarter ended		
	31 Mar 2007	31 Dec 2006	31 Mar 2006
Number of residential broadband customers - subscription-based (in thousands)	329	325	289
ARPU (S\$ per month)	60	59	59
Average monthly churn rate	1.4%	1.2%	1.0%
Percentage of home-passed	99.9%	99.9%	99.9%

For the current quarter, Broadband revenue increased S\$7.9 million, 15% higher YoY at S\$60.4 million. This was primarily driven by a larger customer base and a higher ARPU.

Competition remained intense in the broadband market in 1Q07. Average monthly churn was higher at 1.4% compared to 1.0% in 1Q06. For the quarter, we added a net of 4K customers, bringing our customer base to 329K subscribers as at 31 March 2007. This is a 14% increase YoY.

There was a slight change in the mix of customers signing on to the higher subscription plans, thereby driving ARPU to S\$60 per month, and S\$1 higher than in 1Q06.

Fixed Network Services Revenue

Fixed Network Services Revenue	Quarter ended 31 Mar			
	2007 S\$m	2006 S\$m	Change (+/-) S\$m %	
Data & internet	49.0	40.2	8.8	21.8
Voice services	19.2	18.6	0.6	3.0
Total	68.2	58.9	9.3	15.8

IDD	Quarter ended		
	31 Mar 2007	31 Dec 2006	31 Mar 2006
IDD minutes (in millions)	262	242	201
Our share of IDD market ⁽¹⁾	18.1%	18.2%	16.6%

Note:

(1) Total market as per published statistics from IDA website as at March 2007

Compared to 1Q06, Fixed network services revenue for the quarter increased S\$9.3 million or 16% YoY to S\$68.2 million, with Data and Internet services contributing to the bulk of this increase.

Data and Internet revenue expanded S\$8.8 million or 22% YoY to S\$49.0 million in 1Q07. This was driven by higher subscription of our domestic and international lease circuits services. Compared to a year ago, the number of circuits as at 31 March 2007 increased 31% YoY.

For the quarter, Voice services recorded a smaller YoY revenue increase of S\$0.6 million or 3% to S\$19.2 million. The increase was primarily attributed to higher international voice traffic. IDD traffic for the quarter increased 30% YoY to 262 million minutes from 201 million minutes in the same quarter last year.

Hubbing (Multi-Service Households)

Hubbing Metrics	As at			YoY
	31 Mar 2007	31 Dec 2006	31 Mar 2006	% Change +/-
Total Singapore occupied homes (in thousands, estimated) ⁽¹⁾	1,101	1,079	1,079	2.0
Total hubbing households with at least one service of post-paid mobile, cable TV and/or broadband services (in thousands)	745	743	719	3.6
Percentage of total hubbing households which subscribe to any two services	32.5%	32.6%	32.4%	0.1 pts
Percentage of total hubbing households which subscribe to all three services	18.4%	18.1%	15.7%	2.7 pts
Total hubbing households which subscribe to two or more services	50.9%	50.7%	48.1%	2.8 pts

Note:

(1) Source: Nielsen Media Research for 2006 estimates

During the quarter, we continued to focus our marketing programs on the “Hubbing” of our services, to increase the number of households subscribing to multiple services.

Our Hub Club membership (that is, customers having all 3 of our hubbing services) expanded to 137K households as at 31 March 2007. This was 22% higher than the 113K a year ago. The total number of hubbing households that subscribed to two or more of our services now comprised 50.9% of our total hubbing homes, an increase of 2.8 percentage points YoY.

Our overall hubbing household base grew 4% YoY to 745K households as at 31 March 2007. As a percentage of total occupied homes in Singapore, this represents a penetration rate of approximately 68%.

Operating expenses

	Quarter ended 31 Mar			
	2007	2006	Change (+/-)	
Operating expenses	S\$m	S\$m	S\$m	%
Cost of sales	153.5	145.7	(7.8)	-5.3
Other operating expenses	216.4	204.3	(12.1)	-5.9
Total	369.9	350.0	(19.9)	-5.7

Total operating expenses for the quarter was S\$19.9 million or 6% higher YoY at S\$369.9 million. As a percentage of operating revenue, total operating expenses was lower at 78.3% as compared to 82.0% a year ago.

While the 1Q07 operating revenue increased by 11% YoY, cost of sales component only increased at half the revenue growth rate, at 5% YoY, to S\$153.5 million in 1Q07. Against the same period last year, other operating expenses component was 6% higher YoY at S\$216.4 million.

Cost of sales

	Quarter ended 31 Mar			
	2007	2006	Change (+/-)	
Cost of sales	S\$m	S\$m	S\$m	%
Cost of equipment sold	44.2	51.6	7.4	14.4
Cost of services	52.5	43.3	(9.2)	-21.2
Traffic expenses	56.8	50.8	(6.0)	-11.9
Total	153.5	145.7	(7.8)	-5.3

While operating revenue increased S\$45.9 million YoY, total cost of sales for the quarter only increased S\$7.8 million or 5% YoY to S\$153.5 million. As a percentage of operating revenue, total cost of sales was trending lower at 32.5% for the quarter, compared to 34.1% in 1Q06.

For the quarter, cost of equipment sold decreased 14% YoY to S\$44.2 million. This was driven by a 14% lower quantity of handsets sold.

Cost of services in 1Q07 was S\$9.2 million or 21% higher YoY at S\$52.5 million. The YoY increase was mainly attributed to expected costs increases relating to content for our Cable TV business.

Traffic expenses for the quarter also increased by 12% YoY to S\$56.8 million. This was due to the increase in international traffic delivered over the network as a result of

higher promotional activities carried out for our IDD service and increased volumes from our expanded retail and corporate base of customers.

Other operating expenses

	Quarter ended 31 Mar			
	2007	2006	Change (+/-)	
Other operating expenses	S\$m	S\$m	S\$m	%
Staff costs	53.2	50.9	(2.2)	-4.4
Operating lease	30.3	29.3	(1.0)	-3.5
Marketing and promotion	41.8	37.5	(4.3)	-11.5
Allowance for doubtful receivables	2.6	3.6	1.0	28.3
Repair and maintenance	17.2	16.8	(0.4)	-2.4
Other expenses	16.4	15.4	(0.9)	-6.1
Sub total	161.5	153.6	(7.9)	-5.1
Depreciation and amortisation	54.9	50.7	(4.2)	-8.4
Total	216.4	204.3	(12.1)	-5.9

Against the operating revenue increase of S\$45.9 million YoY, other operating expense was S\$12.1 million or 6% higher YoY at S\$216.4 million for the quarter. The increase was mainly in the areas of staff costs, marketing and promotion expenses and depreciation and amortisation expenses. As a percentage of operating revenue, other operating expenses were trending lower at 45.8% in 1Q07 compared to 47.9% in 1Q06.

Staff costs

In 1Q07, staff costs amounted to S\$53.2 million, 4% higher than S\$50.9 million in 1Q06. The increase was due mainly to the annual salary increment implemented in mid-2006. The staff costs, as a percentage of operating revenue, is lower at 11.2% in 1Q07 compared to 11.9% a year ago.

Operating lease

Operating lease was S\$1.0 million or 4% higher YoY at S\$30.3 million for the quarter, due to increased capacity costs arising from the activation of more international lease circuits due to increased demand. However, as a percentage of operating revenue, operating lease ratio at 6.4% for the quarter was lower than the 6.9% a year ago.

Marketing and promotion

Marketing and promotion expenses in 1Q07 increased S\$4.3 million or 12% YoY to S\$41.8 million. This was driven by higher retention costs incurred to re-contract customers, and higher costs arising from the increased volume in our Pre-paid cards this quarter. As a percentage of operating revenue, the marketing and promotion expense ratio was slightly higher at 8.9% compared to 8.8% in 1Q06.

Allowance for doubtful receivables

As a result of better collection of receivables and improved aging, allowance for doubtful receivables was lower at S\$2.6 million in 1Q07, 28% or S\$1.0 million lower than S\$3.6 million in 1Q06. As a percentage of service revenue, allowance for doubtful receivables was lower at 0.6% in the current quarter compared to 0.9% in 1Q06.

Repair and maintenance

Repair and maintenance expense for the quarter increased S\$0.4 million or 2% YoY to S\$17.2 million as a result of the expanded fixed assets base. Compared to the same quarter a year ago, repair and maintenance, as a ratio of operating revenue, was lower at 3.6% in 1Q07 instead of 3.9% previously.

Other expenses

For the quarter, other expenses amounted to S\$16.4 million, 6% higher than 1Q06. The increase was mainly attributed to higher utilities and occupancy costs arising from the increase in rental space for one new shop and customer service center. As a percentage of operating revenue, other expenses were relatively stable at 3.5% in both comparative periods.

Depreciation and amortisation

Depreciation and amortisation charge for the quarter was S\$4.2 million or 8% higher YoY at S\$54.9 million as a result of a 5% increase in gross fixed assets YoY.

Liquidity and Capital Resources

	Quarter ended 31 Mar			
	2007 S\$m	2006 S\$m	Change (+/-) S\$m %	
Profit before tax	97.8	76.1	21.7	28.6
Non-cash items & net interest expense adjustments	64.0	56.0	8.0	14.3
Net change in working capital	3.0	(16.7)	19.7	nm
Net cash provided by operating activities	164.9	115.4	49.5	42.9
Net cash used in investing activities	(21.8)	(71.4)	49.6	69.5
Net cash used in financing activities	(3.7)	(18.9)	15.2	80.5
Net change in cash and cash equivalents	139.4	25.1	114.3	@
Cash and cash equivalents at beginning of the period	50.2	174.5	(124.3)	-71.2
Cash and cash equivalents at end of the period	189.6	199.6	(10.0)	-5.0
Free Cash Flow ⁽¹⁾	140.7	42.3	98.4	232.4
Fixed Assets Additions	32.3	46.5	(14.2)	-30.5

Note:

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

On the back of the strong operating performance in the current quarter, the Group generated a positive net operating cash flow of S\$161.8 million before working capital changes. This was 23% or S\$29.7 million higher than 1Q06. After allowing for working capital changes, the net cash flow from operations registered a 43% YoY increase to S\$164.9 million in the current quarter as compared to S\$115.4 million in 1Q06.

For the quarter, working capital changes was a positive of S\$3.0 million as against a negative working capital change of S\$16.7 million in 1Q06. The positive working capital change in the current quarter was contributed by higher collections of our trade receivables and lower payments. In 1Q06, higher payments were made in the first quarter to reduce the outstanding trade payables as at 31 December 2005.

Net cash used in investing activities amounted to S\$21.8 million in the current quarter, 70% lower than the corresponding period last year. Cash outlay for capital expenditure programs amounted to S\$24.1 million in 1Q07 as compared to S\$73.0 million in 1Q06. Capital expenditure by nature is not linear throughout the year. In 1Q06, payments were higher due to a higher level of network infrastructure and IT Systems upgrade programs completed in 4Q05 and 1Q06. Consequently, the capital expenditure ratio as a percentage of operating revenue was lower at 5.1% in the current quarter. As at 31 March 2007, the Group's outstanding capital expenditure commitments amounted to S\$89.8 million (1Q06 : S\$94.9 million).

Driven by the strong cash flow from operations and lower cash capex payments in the current quarter, the Group's free cash flow was significantly higher at S\$140.7 million in 1Q07, compared to S\$42.3 million recorded in 1Q06.

For the quarter, net cash outflow for financing activities amounted to S\$3.7 million due to higher interest payments of S\$7.7 million for the increased debt leverage, offset partially by proceeds from exercise of share options of S\$3.6 million and grants receipts of S\$0.4 million. Compared to 1Q06, this was lower by S\$15.2 million as there were no term loans repayment required in 1Q07. The 1Q06 cash outflow for financing activities included a loan repayment of S\$20.0 million.

Consequently, the Group's bank balance as at 31 March 2007 amounted to S\$189.6 million.

Gearing

In the 2nd half of 2006, the Group increased its long term debt gearing to S\$633.0 million which resulted in the Group's outstanding bank loans as at 31 March 2007 to amount to S\$633.0 million, 184% higher than a year ago. The net debt/EBITDA ratio as at 1Q07 has increased to 77% of the 2006 EBITDA, compared to 4% as at 31 March 2006.

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

For the current quarter, the Group's operating revenue increased 11% YoY. However, we reiterate our earlier guidance of high single-digit revenue growth YoY for 2007.

EBITDA for the quarter at S\$157.7 million translates to a service revenue margin of 35.0%. The Group expects that its 2007 full year blended EBITDA margin will be about 34.0%.

In 1Q07, cash capital expenditure, as a percentage of operating revenue, was 5%. We have guided that for the full year 2007, the Group's total capital expenditure payments are not expected to exceed 14% of operating revenue.

As at 31 March 2007, the net debt is around 0.77 times of the 2006 EBITDA. However, with the capital reduction planned, we expect to achieve a net debt to EBITDA ratio of around 1.8 times 2006 EBITDA when the capital reduction is effected.

15. GROUP OUTLOOK

In the Post-paid segment, we expect a higher take up of data services as more 3G and data-enabled handsets and mobile devices are available in the market. We are also enhancing our 3G network with full HSDPA capabilities. We launched a new and innovative service, integrated mobile Internet service suite, *pfingo* (short for “phone, finger, Internet, on the go”). This new service leverages on Internet Protocol (“IP”) technology to provide a single integrated application to deliver web-based Internet services such as email, voice-over-IP and instant messaging for all mobile users regardless of which network operator these customers are connected to. In the area of Voice services, we had simplified our Post-paid Roaming price plans for voice, SMS and data services to flat rates charges to improve our service offerings and offer more transparency to our customers.

In response to our competitors’ moves, we have reduced our Pre-paid tariff for the 2nd minute onwards to a promotional rate of 8 cents a minute from 18 cents previously. We have also further enhanced our loyalty programs to minimize Pre-paid customers’ churn. This could negatively impact our Pre-paid ARPU going forward.

In the Cable TV business, customers can expect even more new contents as we continue to add more channels on the digital platform. The current Pay-Per-View coverage of Cricket World Cup will continue into the 2nd quarter of 2007 and starting 3rd quarter 2007, the new 2007/10 season of the EPL will commence. We have also announced the launch of a 24-hour Mandarin drama channel, TVB Xing He Channel in May and expect to launch our new Malay channel early in 3rd quarter. These will enhance our service offerings to various ethnic communities.

For Residential Broadband business, the competition continues to offer large premiums to acquire customers. We will however focus on enhancing the value proposition of our broadband service through providing higher access speeds and value added services. We will continue to work with our Velocity partners to bundle contents with premium broadband services to attract and retain customers.

In the Infocomm Development Authority (“IDA”) announcement in March 2007, we are one of the 12 pre-qualified bidders to provide feedback in the deployment of Singapore’s ultra-high speed Next Generation National Broadband Network (“Next Gen NBN”). The Request for Proposal for the Next Gen NBN is expected in 3Q07 and the winning bid is to be announced by December 2007. Therefore, we do not expect the project to have any material impact on the Group’s 2007 business outlook.

For our Fixed Network Services business, we will continue to drive cost efficiencies as we supply network connectivity to our intra-group businesses. For our external enterprise and wholesale customers, we will continue to customize and deliver business solutions that meet their specific business needs. As part of our normal capital expenditure budget for international network, we announced our participation in the 17-member consortium – Asia-America Gateway (AAG), to build the first submarine cable system linking South East Asia directly to the USA in end April 2007. The financial impact of the capital expenditure has been included in our 2007 capex guidance. The AAG is expected to be operational in 4Q08.

Based on the current outlook, barring any unforeseen circumstances and changes in the economic and market conditions, we maintain our guidance statement issued in the last results announcement: that the Group's 2007 operating revenue is expected to grow in the high single-digits; blended EBITDA margin on service revenue is expected to expand to around 34% and the full year cash capital expenditure, as a ratio of operating revenue, is expected not to exceed 14%. Further, in view of the projected profitability and cash flows generation in 2007 and our commitment to return surplus cash to our shareholders, we intend to pay a minimum annual cash dividend for financial year 2007 of 14.0 cents per ordinary share. With the recent announcement of the capital reduction to return S\$444 million to our shareholders, we can expect our net debt to be around 1.8 times 2006 EBITDA in 2007.

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\$0.035 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\$0.025 per ordinary share
Tax Rate	Exempt (1-tier)

(c) Date payable

The interim dividend will be paid on 8 June 2007.

(d) Book closure date

Notice is hereby given that the Register of Members and the Transfer Books of the Company will be closed on 25 May 2007 ("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 5.00pm on 24 May 2007 ("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 at 5.00pm 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 705(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 2007 to be false or misleading in any material respects.

On behalf of the Board of Directors

Tan Guong Ching
Director

Steven Terrell Clontz
Director

Singapore
10 May 2007

19. SUPPLEMENTARY INFORMATION – PROVIDED SOLELY FOR MARKET COMPARISON

The Group operates as a fully integrated organisation. The analysis below shows EBITDA by each network platform namely – Fixed, Mobile and Cable (TV and Broadband). The analysis assumes allocations based on the principle of emulating, as closely as possible, the fundamentals of each business segment as if each platform had operated as a standalone entity, after allocation of certain shared costs and eliminations of intra-group transactions. Sourcing of internal supply from Fixed Network Services by Mobile and Cable is on a “pass through” cost basis.

First quarter ended 31 March 2007

Network Platforms	Fixed S\$m	Mobile S\$m	Cable S\$m	Elimination S\$m	Total S\$m
Total revenue	100.7	264.0	143.6	(35.6)	472.7
Service revenue	68.2	242.4	139.7		450.3
Sale of equipment	-	20.7	1.7		22.4
EBITDA	15.0	104.5	38.3	-	157.7
EBITDA as % of service revenue	22.0%	43.1%	27.4%		35.0%

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 2007 S\$m
Transactions for the Sales of Goods & Services	
Pacific Internet Limited & its associates	0.7
PT Indosat Tbk & its associates	0.4
Singapore Telecommunications Limited & its associates	9.0
Temasek Holdings (Private) Limited & its associates	0.2
	10.2
Transactions for the Purchase of Goods & Services	
Capitaland Limited & its associates	0.6
Neptune Orient Lines Limited & its associates	0.1
PT Indosat Tbk & its associates	3.3
Singapore Power Limited & its associates	6.4
Singapore Telecommunications Limited & its associates	21.4
SNP Corporation Limited & its associates	1.3
STT Communications Ltd and its associates	0.3
TeleChoice International Ltd & its associates	39.3
Temasek Holdings (Private) Limited & its associates	1.1
	73.7

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 2007.