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STARHUB LTD

Announcement of Audited Results for the Full Year ended 31 December 2008

StarHub is pleased to announce our audited results for the fourth quarter and full year ended 31 December 2008.

Results for the Fourth Quarter and Full Year ended 31 December 2008

1. GROUP PROFIT AND LOSS STATEMENT

	Quarter ended 31 Dec			Year ended 31 Dec		
	2008	2007	Incr/(Decr)	2008	2007	Incr/(Decr)
	S$m	S$m	%	S$m	S$m	%
Operating revenue	536.7	538.8	(0.4)	2,127.6	2,013.7	5.7
Operating expenses	(431.6)	(440.1)	(1.9)	(1,718.4)	(1,597.0)	7.6
Profit from operations	**105.1**	**98.6**	**6.5**	**409.3**	**416.7**	**(1.8)**
Interest income	0.2	0.5	(69.1)	0.8	3.0	(72.1)
Interest expenses	(6.3)	(7.5)	(16.5)	(27.3)	(26.2)	4.0
Profit before taxation	**98.9**	**91.7**	**7.9**	**382.8**	**393.5**	**(2.7)**
Taxation	(11.5)	6.7	nm	(71.5)	(63.1)	13.2
Profit for the year	**87.4**	**98.3**	**(11.1)**	**311.3**	**330.3**	**(5.8)**
Attributable to:						
Equity holders of the company	87.4	98.3	(11.1)	311.3	330.3	(5.8)
Profit for the year	**87.4**	**98.3**	**(11.1)**	**311.3**	**330.3**	**(5.8)**
EBITDA	**165.2**	**157.4**	**5.0**	**644.4**	**642.8**	**0.2**
EBITDA as a % of service revenue	**32.1%**	**31.2%**	**0.9% pts**	**31.7%**	**33.7%**	**(2.0)% pts**
Free Cash Flow (1)	**81.9**	**67.2**	**21.8**	**377.7**	**483.0**	**(21.8)**
Profit from operations is arrived after charging the following:						
Allowance for doubtful receivables and bad debts written off	*3.3*	*1.5*	*126.9*	*11.1*	*12.7*	*(12.3)*
Depreciation and amortisation (net of asset grants)	*60.1*	*58.7*	*2.4*	*235.1*	*226.1*	*4.0*

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 Dec 08	31 Dec 07	31 Dec 08	31 Dec 07
	S$m	S$m	S$m	S$m
Non-current assets				
Property, plant and equipment	845.7	894.0	324.9	308.5
Intangible assets	381.0	351.9	94.2	56.8
Subsidiaries	-	-	1,162.1	1,162.0
Deferred tax assets	25.1	92.0	-	57.1
	1,251.7	**1,337.9**	**1,581.2**	**1,584.4**
Current assets				
Inventories	20.5	19.8	12.0	9.6
Trade receivables	127.8	113.5	90.6	78.0
Other receivables, deposits and prepayments	112.8	95.0	21.3	30.6
Balances with related parties	20.1	15.3	811.6	782.5
Cash and bank balances	128.3	138.0	111.6	115.0
	409.5	**381.6**	**1,047.1**	**1,015.7**
Current liabilities				
Trade payables and accruals	339.0	351.5	204.0	222.5
Other payables and provisions	210.9	178.6	63.9	59.3
Balances with related parties	40.1	64.9	207.8	98.5
Bank loans	217.9	124.3	217.9	124.3
	807.9	**719.4**	**693.6**	**504.6**
Net current (liabilities)/assets	**(398.4)**	**(337.8)**	**353.5**	**511.2**
Non-current liabilities				
Bank loans	695.8	843.7	695.8	843.7
Deferred income	10.7	14.8	-	-
Deferred tax liabilities	38.8	33.9	27.2	-
	745.3	**892.4**	**722.9**	**843.7**
Net assets	**108.1**	**107.7**	**1,211.7**	**1,251.9**
Share capital	255.1	247.2	255.1	247.2
Reserves	(147.1)	(139.6)	956.6	1,004.7
Total equity	**108.1**	**107.7**	**1,211.7**	**1,251.9**

3. GROUP CASH FLOW STATEMENT

	Quarter ended 31 Dec		Year ended 31 Dec	
	2008	2007	2008	2007
	S$m	S$m	S$m	S$m
Operating Activities				
Profit before taxation	98.9	91.7	382.8	393.5
Adjustments for :				
Provision for loyalty programme & other expenses	4.2	5.0	17.5	13.8
Depreciation and amortisation (net of asset grants)	60.1	58.7	235.1	226.1
Gain on disposal/write-off of fixed assets	0.5	0.3	1.5	0.5
Net interest expense	6.1	7.0	26.5	23.2
Changes in fair value of financial instruments	2.9	1.0	1.3	1.4
Share-based expenses	1.3	1.5	4.7	5.9
Operating cashflow before working capital changes	174.1	165.1	669.3	664.4
Changes in working capital	(37.7)	5.2	(72.1)	31.5
Income tax refund	-	-	0.3	-
Net cash inflow from operating activities	**136.4**	**170.3**	**597.5**	**695.9**
Investing Activities				
Proceeds from disposal of fixed assets	0.1	-	0.1	2.1
Payment of fixed assets purchased	(54.5)	(103.1)	(219.8)	(212.9)
Interest received	0.2	0.5	0.9	3.0
Net cash outflow from investing activities	**(54.3)**	**(102.6)**	**(218.8)**	**(207.8)**
Financing Activities				
Proceeds from issue of shares	0.3	1.3	7.9	10.8
Interest paid	(2.3)	(3.4)	(28.5)	(22.1)
Grants received	-	-	-	0.4
Net proceeds from / (repayment of) loans	-	35.0	(54.3)	335.0
Dividends paid on ordinary shares	(76.9)	(68.0)	(307.7)	(265.9)
Purchase of treasury shares	(1.7)	(6.2)	(5.8)	(16.2)
Payment for cancellation of shares pursuant to capital reduction	-	-	-	(442.3)
Net cash outflow from financing activities	**(80.7)**	**(41.3)**	**(388.4)**	**(400.4)**
Net change in cash and cash equivalents	**1.4**	**26.5**	**(9.6)**	**87.8**
Cash and cash equivalents at beginning of the period	126.9	111.5	138.0	50.2
Cash and cash equivalents at end of the period	**128.3**	**138.0**	**128.3**	**138.0**

4. GROUP UNSECURED BORROWINGS

Unsecured borrowings	31 Dec 08 S$m	31 Dec 07 S$m
Amount repayable in one year or less	217.9	124.3
Amount repayable after one year	695.8	843.7
Total	**913.7**	**968.0**

5. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Group		Company	
	2008 S$m	2007 S$m	2008 S$m	2007 S$m
<u>**Share capital**</u>				
Balance as at 1 Jan	247.2	236.4	247.2	236.4
Issue of shares under StarHub Share Option Plans	7.6	9.5	7.6	9.5
Transfer from merger/capital reserve [(1)]	-	442.3	-	442.3
Cancellation of shares pursuant to capital reduction	-	(442.3)	-	(442.3)
Balance as at 30 Sep	**254.8**	**245.9**	**254.8**	**245.9**
Issue of shares under StarHub Share Option Plans	**0.3**	**1.3**	**0.3**	**1.3**
Balance as at 31 Dec	**255.1**	**247.2**	**255.1**	**247.2**
<u>**Reserves**</u>				
Treasury shares				
Balance as at 1 Jan	(16.2)	-	(16.2)	-
Purchase of treasury shares	(5.8)	(13.5)	(5.8)	(13.5)
Transfer to share-based payment reserve	16.0	-	16.0	-
Balance as at 30 Sep	**(6.0)**	**(13.5)**	**(6.0)**	**(13.5)**
Purchase of treasury shares	**-**	**(2.7)**	**-**	**(2.7)**
Balance as at 31 Dec	**(6.0)**	**(16.2)**	**(6.0)**	**(16.2)**
Goodwill written off				
Balance as at 1 Jan & 30 Sep	(276.3)	(276.3)	-	-
Balance as at 31 Dec	**(276.3)**	**(276.3)**	**-**	**-**
Merger/Capital reserve				
Balance as at 1 Jan	-	405.4	276.5	718.8
Transfer to share capital [(1)]	-	(442.3)	-	(442.3)
Transfer from retained profits [(1)]	-	36.9	-	-
Balance as at 30 Sep & 31 Dec	**-**	**-**	**276.5**	**276.5**
Balance c/f	(282.3)	(292.5)	270.5	260.3

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

	Group		Company	
	2008	2007	2008	2007
	S$m	S$m	S$m	S$m
Balance b/f	(282.3)	(292.5)	270.5	260.3
Share-based payment reserve				
Balance as at 1 Jan	19.9	14.0	19.9	14.0
Share-based expenses	3.4	4.4	3.4	4.4
Transfer from treasury shares	(16.0)	-	(16.0)	-
Balance as at 30 Sep	**7.3**	**18.4**	**7.3**	**18.4**
Share-based expenses	**1.3**	**1.5**	**1.3**	**1.5**
Balance as at 31 Dec	**8.6**	**19.9**	**8.6**	**19.9**
Hedging reserve				
Balance as at 1 Jan	(2.3)	0.2	(0.9)	-
Effective portion of changes in fair value of cash flow hedge	(3.4)	(2.2)	(3.6)	(0.6)
Balance as at 30 Sep	**(5.7)**	**(2.1)**	**(4.6)**	**(0.6)**
Effective portion of changes in fair value of cash flow hedge	**(6.7)**	**(0.2)**	**(6.7)**	**(0.3)**
Balance as at 31 Dec	**(12.4)**	**(2.3)**	**(11.3)**	**(0.9)**
Retained profits				
Balance as at 1 Jan	135.3	107.8	725.5	609.0
Net profit for the period	223.9	232.0	138.4	26.9
Dividends on ordinary shares	(230.7)	(197.9)	(230.7)	(197.9)
Transfer to capital reserve (1)	-	(36.9)	-	-
Balance as at 30 Sep	**128.5**	**105.0**	**633.1**	**438.0**
Net profit for the period	**87.4**	**98.3**	**132.6**	**355.5**
Dividends on ordinary shares	**(76.9)**	**(68.0)**	**(76.9)**	**(68.0)**
Balance as at 31 Dec	**139.0**	**135.3**	**688.7**	**725.5**
Total Reserves as at 31 Dec	***(147.1)***	***(139.6)***	***956.6***	***1,004.7***
Total Equity as at 31 Dec	**108.1**	**107.7**	**1,211.7**	**1,251.9**

Note:

(1) In 2Q07, a total of S$442.3 million was capitalized from the capital reserve of the Company to facilitate the capital reduction exercise that was carried out. This resulted in the movements in the merger/capital reserve, retained profits and share capital accounts in the books of the Company and the Group.

6. CHANGES IN COMPANY'S SHARE CAPITAL

Share Capital

As at 31 December 2008, the share capital of the Company at S$255.1 million comprised 1,711,952,039 issued ordinary shares, of which 2,203,100 are held by the company as treasury shares. (31 December 2007: 1,705,293,237 ordinary shares of which 5,517,000 are held as treasury shares).

Issue of new shares
For the quarter ended 31 December 2008, the Company issued 250,875 ordinary shares upon the exercise of options by participants pursuant to the Company's share option plans at exercise prices ranging from S$0.68 to S$1.52 per ordinary share.

For the year ended 31 December 2008, the Company issued a total of 6,658,802 ordinary shares (2007 : 9,682,350) upon the exercise of options by participants pursuant to the Company's share option plans at exercise prices ranging from S$0.68 to S$1.52 per ordinary share.

Treasury Shares
There was no purchase of treasury shares by the Company during the quarter.

For the year, the Company purchased a total of 2,130,000 ordinary shares from the market at a total consideration of S$5.8 million. During the year, there was also a transfer of 5,443,900 treasury shares to the participants of the Company's share plans. As at 31 December 2008, the treasury shares balance amounted to S$6.0 million or 2,203,100 ordinary shares. (31 December 2007: 5,517,000 ordinary shares).

Outstanding Shares – Employees' Share-Based Plans

Share Option Plans
As at 31 December 2008, outstanding unexercised options under the Company's share option plans totaled 8,043,635 (31 December 2007: 14,961,355). This represents 0.5% of total issued shares in the capital of the Company.

Performance Share Plan
For the quarter, there was no movement of shares under the Performance Share Plan.

For the year, there was a total payout of 4,896,700 ordinary shares to participants under the 2005 grant of the Performance Share Plan. This was twice the number of share awards originally granted as the performance conditions in the 2005 grant were met. Besides the payout, there were also new conditional awards totaling 620,000 ordinary shares given out to eligible participants for the 2008 grant and a total forfeiture of 656,667 share awards during the year. The total outstanding conditional awards as at 31 December 2008 totaled 1,598,000 ordinary shares (31 December 2007: 4,083,000). 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
In 4Q08, 35,000 ordinary shares under the Restricted Stock Plan were forfeited, resulting in a total outstanding conditional awards as at 31 December 2008 of 3,808,500 ordinary shares (31 December 2007 : 3,348,500).

During the year, one-third of the 2006 grant was vested and a total of 547,200 ordinary shares were transferred to eligible participants in the 2006 grant. New conditional awards of 1,657,500 ordinary shares were also given out to eligible participants in the 2008 grant, while a total of 650,300 ordinary share awards were forfeited in the year.

The basis of reporting the number of shares outstanding for such grants which have not fulfilled the 2 years performance period is to assume each grant achieves the “Target” level of performance for the various key performance indicators set over a 2-year performance period, with an additional 2-year payout interval beginning on the 2nd year anniversary.

7. AUDIT

The results for the financial year have been audited.

8. AUDITORS’ REPORT

A copy of the Auditor’s report is attached.

9. ACCOUNTING POLICIES

The Group and the Company has applied the same accounting policies and method of computation as in the most recent audited financial statements for the year ended 31 December 2007.

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 or after 1 January 2008. The adoption of these new/revised FRSs and INT FRSs did not result in changes to the Group’s and the Company’s accounting policies and had no material effect on the amounts reported for the current or prior years.

10. CHANGES IN ACCOUNTING POLICIES AND ESTIMATES

Not applicable.

11. GROUP EARNINGS PER ORDINARY SHARE

	Quarter ended 31 Dec		Year ended 31 Dec	
	2008	2007	2008	2007
Basic	5.11 cents	5.78 cents	18.28 cents	18.72 cents
Diluted	5.09 cents	5.73 cents	18.16 cents	18.54 cents

12. NET ASSET VALUE PER ORDINARY SHARE

	Group		Company	
	31 Dec 2008	31 Dec 2007	31 Dec 2008	31 Dec 2007
Net asset value per share	6.3 cents	6.3 cents	70.9 cents	73.7 cents

13. REVIEW OF GROUP PERFORMANCE

	Quarter ended 31 Dec				Year ended 31 Dec			
	2008	2007	Incr / (Decr)		2008	2007	Incr / (Decr)	
	S$m	S$m	S$m	%	S$m	S$m	S$m	%
Operating revenue	**536.7**	**538.8**	**(2.1)**	**(0.4)**	**2,127.6**	**2,013.7**	**113.9**	**5.7**
Profit from operations	105.1	98.6	6.4	6.5	409.3	416.7	(7.4)	(1.8)
Interest income	0.2	0.5	(0.4)	(69.1)	0.8	3.0	(2.2)	(72.1)
Interest expenses	(6.3)	(7.5)	(1.2)	(16.5)	(27.3)	(26.2)	1.1	4.0
Profit before taxation	**98.9**	**91.7**	**7.3**	**7.9**	**382.8**	**393.5**	**(10.7)**	**(2.7)**
Taxation	(11.5)	6.7	(18.2)	nm	(71.5)	(63.1)	8.3	13.2
Profit for the year	**87.4**	**98.3**	**(10.9)**	**(11.1)**	**311.3**	**330.3**	**(19.0)**	**(5.8)**
EBITDA	**165.2**	**157.4**	**7.8**	**5.0**	**644.4**	**642.8**	**1.6**	**0.2**
EBITDA as a % of service revenue	**32.1%**	**31.2%**	**0.9% pts**	**-**	**31.7%**	**33.7%**	**(2.0)% pts**	**-**

Results for the period ended 31 December 2008

The Group's 4Q08 operating revenue at S$536.7 million was S$2.1 million or 0.4% lower than 4Q07. This was attributed to the lower revenue from mobile services which decrease S$3.3 million and equipment sales which were lower by S$11.7 million, offsetting the revenue increases of S$13 million in Pay TV, Broadband and Fixed network services when compared to 4Q07. For 2008, the Group's full year revenue grew 6% to S$2,127.6 million from S$2,013.7 million last year.

The breakdown of operating revenue and percentage mix by lines of business for the quarter and year ended 31 December are as follow:

Operating revenue	Quarter ended 31 Dec 2008 S$m	2007 S$m	Incr / (Decr) S$m	%	Year ended 31 Dec 2008 S$m	2007 S$m	Incr / (Decr) S$m	%
Mobile revenue	272.2	275.6	(3.3)	(1.2)	1,079.0	1,037.2	41.9	4.0
Pay TV revenue	100.5	95.0	5.5	5.8	398.2	341.8	56.4	16.5
Broadband revenue	64.2	62.4	1.8	2.8	253.2	246.9	6.2	2.5
Fixed network services revenue	77.6	71.9	5.7	7.9	299.9	279.9	20.0	7.1
Total service revenue	514.5	504.9	9.6	1.9	2,030.3	1,905.8	124.5	6.5
Sale of equipment	22.2	33.9	(11.7)	(34.6)	97.3	107.9	(10.6)	(9.8)
Total	536.7	538.8	(2.1)	(0.4)	2,127.6	2,013.7	113.9	5.7

Operating revenue mix	Quarter ended 31 Dec 2008 Mix %	2007 Mix %	Year ended 31 Dec 2008 Mix %	2007 Mix %
Mobile revenue	50.7	51.1	50.7	51.5
Pay TV revenue	18.7	17.6	18.7	17.0
Broadband revenue	12.0	11.6	11.9	12.3
Fixed network services revenue	14.5	13.3	14.1	13.9
Sale of equipment	4.1	6.3	4.6	5.4
Total	100.0	100.0	100.0	100.0

Mobile revenue for the quarter amounted to S$272.2 million, 1.2% lower when compared to 4Q07. This was due to lower Pre-paid revenue which saw a decrease of S$3.9 million or 5.7% as compared to 4Q07. For the full year, Mobile revenue was 4% higher at S$1,079.0 million. Post-paid revenue increase of 8% was offset by lower Pre-paid revenue which decreased 7% year-on-year. In terms of operating revenue mix, Mobile revenue continued to account for the largest share at around 51% for both the quarter and full year periods.

For the quarter, Pay TV revenue was S$5.5 million or 6% higher at S$100.5 million and for the full year, was S$56.4 million or 17% higher at S$398.2 million year-on-year. The full year impact of the various subscription price increases implemented in the 2nd half of 2007, higher take-up of premium channels and an expanded subscriber base contributed to the year-on-year increases in Pay TV revenue for both periods. In terms of operating revenue mix, Pay TV revenue share is now higher at around 19% this year.

Against last year, Broadband revenue grew 3% for the quarter and full year to S$64.2 million and S$253.2 million respectively due to growth in subscribers. As a percentage of overall operating revenue mix, Broadband revenue maintained its share at around 12%.

Fixed network services revenue was S$5.7 million or 8% higher at S$77.6 million for the quarter and for the full year, was S$20.0 million or 7% higher at S$299.9 million when compared to the same periods last year. The revenue increase in both the quarter and full year periods were attributed to higher Data & Internet revenue. Voice services continued to record lower revenue year-on-year for both the quarter and full year as IDD rates continued to decline. Fixed network services maintained its revenue share at 14%.

Compared to 4Q07, revenue from sales of equipment in 4Q08 was S$11.7 million or 35% lower at S$22.2 million due to lower quantity of handsets sold. For the full year, revenue from sales of equipment was 10% lower year-on-year at S$97.3 million, driven by an increased quantity sold during the year at comparatively lower average selling prices. Aggressive marketing promotions in the mobile handset bundles were carried out in the 1st half of the year in the run up to the Mobile Number Portability (MNP) implementation in June this year.

Profitability

Driven by a 2% reduction in operating expenses, the Group's profit from operations for the quarter was 7% or S$6.4 million higher at S$105.1 million when compared to 4Q07. Against the same quarter last year, cost of sales decreased 5.2% or S$10.5 million to S$191.6 million, due mainly to a 39% decrease in cost of equipment sold which fell S$30.6 million to S$47.8 million in the quarter. This was offset by higher traffic expenses and cost of services in the quarter which increased 10.6% or S$6.3 million and 21.5% or S$13.7 million respectively. Other operating expenses increased marginally by S$2.0 million to S$240.0 million for the quarter.

However, the improved 4th quarter profitability was not sufficient to make up for the higher cost of acquisition and retention incurred in the 1st half of 2008. Consequently, for the full year, profit from operations was S$7.4 million or 2% lower year-on-year at S$409.3 million. Despite the higher operating revenue which increased S$113.9 million or 5.7% year-on-year, total operating expenses were S$121.4 million or 7.6% higher year-on-year. During the year, the competitive intensity in the mobile and broadband markets and higher content costs in the Pay TV segment drove direct cost of sales higher by S$86.5 million or 12.4% year-on-year while other operating expenses grew 3.9% or S$34.9 million year-on-year.

EBITDA for the quarter was S$7.8 million or 5% better at S$165.2 million when compared to S$157.4 million in 4Q07. This translated to a 32.1% EBITDA margin when expressed as a percentage of service revenue. For the full year, EBITDA at S$644.4 million corresponded to a 31.7% EBITDA margin on service revenue.

The lower interest rate environment and a lower average net debt balance in the quarter resulted in a 13% lower net interest expenses for the quarter at S$6.1 million. For the full year, average loans outstanding during the year was higher by 18% but due to lower interest rates when the loans were re-priced, net interest expenses at S$26.5 million was only 14% higher than last year.

Consequently, for the quarter, the higher profits generated from operations and the lower interest expenses led to profit before taxation increasing 8% from S$91.7 million in 4Q07 to S$98.9 million in 4Q08. For the full year, the higher operating expenses and the higher interest expenses in the year resulted in profits before taxation being lower by 3% or S$10.7 million at S$382.8 million.

Taxation for the quarter amounted to S$11.5 million which included a total tax credit adjustment of S$10 million relating to group tax relief. In 4Q07, the total tax credit adjustment taken up was S$27 million for both the additional deferred tax asset taken up upon the finalisation of the company's commencement date with Inland Revenue and adjustment pertaining to group tax relief.

For the year, taxation amounted to S$71.5 million or 18.7% of the profit before taxation for the year. Year-on-year, this was 13% higher than the S$63.1 million recorded last year. 2007's tax expenses was S$10 million lower as a result of the net credit adjustment for the deferred tax assets taken up upon the finalisation of the company's commencement date, and a tax debit adjustment due to a revision in corporate tax rate in 1Q08 to restate the Group's net deferred tax assets.

Overall, compared to the same periods last year, net profit after tax for the quarter was 11% or S$10.9 million lower at S$87.4 million and for the full year, was 6% or S$19.0 million lower at S$311.3 million.

Mobile Service Revenue

Mobile revenue	Quarter ended 31 Dec				Year ended 31 Dec			
	2008	2007	Incr / (Decr)		2008	2007	Incr / (Decr)	
	S$m	S$m	S$m	%	S$m	S$m	S$m	%
Post-paid	207.7	207.1	0.5	0.3	835.3	776.0	59.3	7.6
Pre-paid	64.6	68.4	(3.9)	(5.7)	243.7	261.1	(17.5)	(6.7)
Total	272.2	275.6	(3.3)	(1.2)	1,079.0	1,037.2	41.9	4.0

Mobile Key Drivers	Quarter ended			Year ended		YoY
	31 Dec	30 Sep	31 Dec	31 Dec		Incr/(Decr)
	2008	2008	2007	2008	2007	%
Number of registered customers (in thousands)						
Post-paid	892	878	813	892	813	9.7
Pre-paid	874	864	944	874	944	(7.4)
Total	1,765	1,742	1,757	1,765	1,757	0.5
Monthly minutes of use per registered customer						
Post-paid	469	492	541	499	540	(7.5)
Pre-paid	520	428	310	376	314	19.7
Average monthly SMS per registered user (originating)						
Post-paid	241	228	209	224	202	11.0
Pre-paid	130	114	100	106	103	2.6
Total MMS traffic (in millions)	3.6	3.4	3.0	13.3	12.5	6.5
Mobile Data Traffic (in GBytes)						
Post-paid	802,100	549,804	83,857	1,726,772	102,535	1,584.1
Pre-paid	128	111	78	414	338	22.7
ARPU with IDD included (S$ per month)						
Post-paid	71	74	79	75	76	(0.8)
Pre-paid	25	22	26	22	26	(14.7)
Non-voice service as a contribution to ARPU						
Post-paid	26.4%	26.6%	23.3%	25.4%	23.5%	-
Pre-paid	9.6%	10.2%	12.5%	10.9%	11.5%	-
Average acquisition cost per gross connection (S$)	86	104	97	115	93	23.1
Average monthly churn rate (post-paid)	1.0%	1.0%	1.1%	1.0%	1.1%	-
Singapore mobile penetration (1)	131.0%	129.3%	122.5%	131.0%	122.5%	-
Market Share (1)	27.8%	27.8%	31.3%	27.8%	31.3%	-

Note:
(1) Source : IDA (As at December 2008)

Post-paid mobile services

Post-paid mobile services revenue for the quarter at S$207.7 million was S$0.5 million higher when compared to S$207.1 million in 4Q07. For the year, Post-paid mobile services revenue was 8% or S$59.3 million higher at S$835.3 million on the back of a 9.7% increase in subscriber base but with lower ARPU contribution and higher revenue from mobile interconnection operators.

During the quarter, our post-paid customer base expanded by 14K. This brought the full year's net-adds to a high of 79K compared to 26K last year. Post-paid subscriber base stood at 892K subscribers as at 31 December 2008. As a percentage of the overall Post-paid subscriber base, 3G mobile subscribers increased to 71% this year from 48% previously.

Post-paid ARPU for the quarter was S$8 lower at S$71 when compared to S$79 in 4Q07. The quarter's ARPU was impacted by a higher mix of customers on the Data subscription plans as well as lower usages of IDD and roaming services. For the full year, Post-paid ARPU at S$75 benefited from the inclusion of previously deferred roaming revenue that was adjusted in 1Q08. Excluding this one-time adjustment, the full year's Post-paid ARPU would have been S$74, S$2 lower when compared to 2007 due mainly to the changing subscription plans mix in the base and lower usages. Against the same periods last year, Post-paid minutes of use per customer decreased from 541 in 4Q07 to 469 in 4Q08, and for the full year, decreased 8% or 41 minutes to 499 minutes per customer.

In line with the higher data subscribers in the base, total Post-paid data traffic was driven higher to 802,100 GBytes in 4Q08 compared to 83,857 GBytes in 4Q07. For the full year, Post-paid data traffic totaled 1,726,772 GBytes, almost 17 times higher than last year. Consequently, non-voice services as a percentage of Post-paid ARPU increased from 23.3% in 4Q07 and 23.5% in 2007 to 26.4% in 4Q08 and 25.4% in 2008.

Post-paid customer monthly average churn improved from 1.1% last year to 1.0% in 4Q and full year periods this year.

Pre-paid mobile services

The competition in the Pre-paid market remained intense in the quarter. To ensure instant recall for our brand and competitive offers in the market, our advertisements and marketing promotions are refreshed regularly to highlight our prepaid services proposition, drive usage and top-ups. These activities helped to drive Pre-paid mobile services revenue higher from 3Q08 by 9.6% and for the current quarter amounted to S$64.6 million, which is 6% lower than the S$68.4 million recorded in 4Q07. For the full year, Pre-paid mobile services revenue decreased 7% year-on-year to S$243.7 million as a result of a lower customer base.

During the quarter, we added 10K customers to our prepaid registered customer base and for the full year saw a net deactivation of 70K cards as the large number of cards sold during the promotional offers in 4Q07 – 1H08 expires. Total Pre-paid registered cards amounted to 874K as at 31 December 2008, a 7.4% decrease year-on-year.

Driven by the various promotions in the quarter, Pre-paid minutes of use per customer increased to 520 minutes in 4Q08, and for the full year period, was 20% higher year-on-year at 376 minutes per customer. Pre-paid ARPU for the quarter was S$1 lower at S$25 and for the full year, was 15% lower at S$22.

Total mobile services

Against the same periods last year, overall mobile services revenue for the quarter was 1% lower at S$272.2 million, and for the full year period, was 4% higher at S$1,079.0 million.

As a percentage of overall mobile revenue mix, Post-paid services revenue share increased from 75% last year to 76% in 4Q08 and 77% for the full year period. 2008 Pre-paid services revenue now accounted for 23% of overall mobile revenue mix compared to 25% last year.

Acquisition Cost per gross connection

Against 4Q07, the net blended acquisition cost per gross connection this quarter was S$11 lower at S$86 in 4Q08. While the postpaid gross connections were higher in the quarter compared to prepaid, the average acquisition cost was lower due to the lower cost of mobile broadband devices. For the year, average acquisition cost per gross connection was 23% or S$22 higher at S$115. This was mainly impacted by a higher blend of Post-paid connections and higher costs incurred in the run up to the MNP implementation in June this year.

Pay TV Revenue

	Quarter ended 31 Dec				Year ended 31 Dec			
	2008	2007	Incr / (Decr)		2008	2007	Incr / (Decr)	
	S$m	S$m	S$m	%	S$m	S$m	S$m	%
Pay TV revenue	100.5	95.0	5.5	5.8	398.2	341.8	56.4	16.5

	Quarter ended			Year ended		YoY
	31 Dec	30 Sep	31 Dec	31 Dec		Incr/(Decr)
Pay TV Key Drivers	2008	2008	2007	2008	2007	%
Number of residential Pay TV customers (in thousands)	524	520	504	524	504	4.1
ARPU (S$ per month)	57	56	55	57	51	12.2
Average monthly churn rate	1.0%	0.9%	1.1%	0.9%	1.1%	-
StarHub's penetration	45.9%	45.6%	44.5%	45.9%	44.5%	-

Pay TV revenue for the quarter was 6% or S$5.5 million higher at S$100.5 million, and for the full year, was 17% or S$56.4 million higher at S$398.2 million. The year-on-year revenue increase was driven from a larger customer base, which increased 4% year-on-year and higher ARPU.

The 4th quarter festive offers, promotional bundles offered in conjunction with the launch of new channels and promotions by the various content partners and the low rental rates for our Hubstation and HD devices prompted customers to sign up or upgrade. We net added 4K customers in the quarter and 20K for the full year. As at 31 December 2008, our Pay TV customer base stood at 524K, with Digital TV customers accounting for 96% of the base, up from 81% a year ago. Average Pay TV monthly churn rate was also lower at 1.0% in 4Q08 and 0.9% for the full year period compared to 1.1% last year.

Pay TV ARPU for the quarter at S$57 was S$2 higher when compared to 4Q07 due to higher take-up of premium services and channels. For the year, Pay TV ARPU at S$57 was S$6 or 12% higher year-on-year. The increase was mainly driven by a full year's impact of the subscription price increases implemented in the 2nd half of 2007 and a higher take up of premium services and channels during the year.

As at 31 December 2008, StarHub's Pay TV market penetration was 45.9%, up from 44.5% last year.

Broadband Revenue

	Quarter ended 31 Dec				Year ended 31 Dec			
	2008	2007	Incr / (Decr)		2008	2007	Incr / (Decr)	
	S$m	S$m	S$m	%	S$m	S$m	S$m	%
Broadband revenue	64.2	62.4	1.8	2.8	253.2	246.9	6.2	2.5

	Quarter ended			Year ended		YoY
	31 Dec	30 Sep	31 Dec	31 Dec		Incr/(Decr)
Broadband Key Drivers	2008	2008	2007	2008	2007	%
Number of residential broadband customers - subscription-based (in thousands)	373	365	346	373	346	7.8
ARPU (S$ per month)	57	57	60	58	60	(3.7)
Average monthly churn rate	1.1%	1.1%	1.4%	1.2%	1.4%	-

For the quarter and full year periods, Broadband revenue was 3% higher at S$64.2 million and S$253.2 million respectively when compared to last year. The increases are driven mainly from the larger subscriber base this year as we penetrate the mass market segment with a more complete range of price plans.

During the quarter, we added a net total of 8K customers as a result of the attractive festive promotions and hubbing offers. This brought our Broadband subscriber base to 373K as at 31 December 2008, 8% or 27K higher year-on-year.

As we penetrate into the mass market segment, the shift in more customer subscribing to lower speed plans and a higher percentage of our customers enjoying our hubbing offers resulted in ARPU for the quarter decreasing S$3 to S$57 in 4Q08 and S$2 to S$58 for the full year.

Broadband average monthly churn improved from 1.4% last year to 1.1% in 4Q08 and 1.2% for the full year period.

Fixed Network Services Revenue

	Quarter ended 31 Dec				Year ended 31 Dec			
	2008	2007	Incr / (Decr)		2008	2007	Incr / (Decr)	
Fixed Network Services Revenue	S$m	S$m	S$m	%	S$m	S$m	S$m	%
Data & internet	65.3	53.4	11.9	22.2	246.6	205.9	40.7	19.8
Voice services	12.3	18.5	(6.2)	(33.6)	53.3	74.1	(20.7)	(28.0)
Total	77.6	71.9	5.7	7.9	299.9	279.9	20.0	7.1

	Quarter ended			Year ended		YoY
	31 Dec	30 Sep	31 Dec	31 Dec		Incr/(Decr)
IDD	2008	2008	2007	2008	2007	%
IDD minutes (in millions)	462	410	359	1,594	1,379	15.6
Our share of IDD market [1]	20.0%	18.1%	20.7%	18.8%	21.9%	-

Note:
(1) Total market as per published statistics from IDA website as at December 2008

For the quarter, Fixed network services revenue was 8% or S$5.7 million higher at S$77.6 million when compared to S$71.9 million in 4Q07, and for the full year, was 7% or S$20.0 million higher at S$299.9 million.

Against the same periods last year, Data & Internet revenue grew 22% to S$65.3 million for the quarter, and for the year, was up by 20% to S$246.6 million. The higher revenue was driven by increased domestic and international lease circuits.

Voice services revenue for the quarter and full year periods was lower at S$12.3 million and S$53.3 million respectively when compared to last year. The decrease was mainly due to lower in-payments from incoming carrier traffic, and lower IDD tariff rates in both periods.

For the full year, IDD traffic increased 16% year-on-year to 1,594 million minutes. The increase was largely driven by the various IDD promotions to our mobile customers during the year.

Hubbing (Multi-Service Households)

Hubbing Metrics	As at 31 Dec 2008	30 Sep 2008	31 Dec 2007	YoY Incr/(Decr) %
Total Singapore occupied homes (in thousands, estimated) (1)	1,145	1,122	1,122	2.0
Total hubbing households with at least one service of post-paid mobile, pay TV and/or broadband services (in thousands)	774	771	755	2.5
Percentage of total hubbing households which subscribe to any two services	31.3%	31.4%	31.7%	(0.4)% pts
Percentage of total hubbing households which subscribe to all three services	21.7%	21.2%	19.8%	1.9% pts
Total hubbing households which subscribe to two or more services	53.0%	52.6%	51.5%	1.5% pts

Note:
(1) Source: Nielsen Media Research for 2008 estimates

As at 31 December 2008, the total number of hubbing households that subscribed to at least one StarHub service totaled 774K. This was 3% higher than the 755K households recorded a year ago, and represents 68% of the total occupied homes in Singapore.

We continue to encourage multi-services take-up in the StarHub homes through new Hubbing offers and discounts such as the Triple Freedom Hubbing packs (combination of Broadband services and Pay TV/Mobile services, coupled with free Home phone line), 30% off monthly mobile subscription fees and free Home phone line. This led to an increase in the number of households subscribing to all 3 services by 12% year-on-year to 168K households as at 31 December 2008. As a percentage of total hubbing households, Hub Club now accounted for 21.7%, up from 19.8% in 2007 and hubbing households with two or more hubbing services has increased 5.5% year-on-year to comprise 53% of the total hubbing households.

Operating expenses

Operating expenses	Quarter ended 31 Dec 2008 S$m	2007 S$m	Incr / (Decr) S$m	%	Year ended 31 Dec 2008 S$m	2007 S$m	Incr / (Decr) S$m	%
Cost of sales	191.6	202.2	(10.5)	(5.2)	782.4	695.9	86.5	12.4
Other operating expenses	240.0	238.0	2.0	0.8	936.0	901.1	34.9	3.9
Total	431.6	440.1	(8.5)	(1.9)	1,718.4	1,597.0	121.4	7.6

Total operating expenses for the quarter was 2% or S$8.5 million lower at S$431.6 million. Cost of sales for the quarter decreased 5% to S$191.6 million while other operating expenses were marginally higher at S$240.0 million when compared to 4Q07.

For the full year, total operating expenses amounted to S$1,718.4 million, 8% higher than last year. This was due mainly to the higher cost of sales which increased by S$86.5 million or 12% year-on-year to S$782.4 million, while other operating expenses was up by S$34.9 million or 4% to S$936.0 million.

The breakdown of the cost of sales is as follows:

Cost of sales

Cost of sales	Quarter ended 31 Dec 2008 S$m	2007 S$m	Incr / (Decr) S$m	%	Year ended 31 Dec 2008 S$m	2007 S$m	Incr / (Decr) S$m	%
Cost of equipment sold	47.8	78.4	(30.6)	(39.0)	239.6	223.4	16.2	7.3
Cost of services	77.7	63.9	13.7	21.5	300.7	233.6	67.0	28.7
Traffic expenses	66.2	59.8	6.3	10.6	242.1	238.9	3.2	1.3
Total	191.6	202.2	(10.5)	(5.2)	782.4	695.9	86.5	12.4

Against 4Q07, cost of equipment sold in 4Q08 was 39% or S$30.6 million lower at S$47.8 million. The reduction in costs was mainly driven by lower quantity of handsets and modems sold, coupled with lower blended unit cost of equipment as the mobile data devices are cheaper than the mobile handsets. There were also no cost of sales recorded for Hubstation and HDTV set-top boxes in this quarter as such devices are only available for rental instead of retail in previous quarters. For the year, cost of equipment sold was 7% or S$16.2 million higher at S$239.6 million, largely attributed to the higher quantity of handsets sold and with higher unit cost.

Compared to the same periods last year, cost of services increased 22% to S$77.7 million for the quarter, and 29% to S$300.7 million for the year. The increase was mainly due to the full year amortisation of the higher cost of Sports and other content, coupled with new channels launched this year.

Against 4Q07, traffic expenses for the quarter increased 11% to S$66.2 million, driven mainly by the increased traffic volume for both mobile and fixed services. For the year, traffic expenses were 1% higher at S$242.1 million. As mentioned in the 3Q results review, the 2008 traffic costs benefited from a credit adjustment relating to prior periods' traffic costs overcharged by other domestic mobile operators. Excluding this credit adjustment, the 2008 traffic expenses would be 5% higher when compared to 2007 due mainly to the higher volume of traffic delivered over the networks for both the voice and data services this year.

Overall, as a percentage of operating revenue, cost of sales at S$191.6 million for the quarter trended lower at 35.7% compared to 37.5% in 4Q07. For the year, total cost of sales at S$782.4 million comprised 36.8% of operating revenue in 2008 as against 34.6% in 2007.

Other operating expenses

	Quarter ended 31 Dec				Year ended 31 Dec			
	2008	2007	Incr / (Decr)		2008	2007	Incr / (Decr)	
Other operating expenses	S$m	S$m	S$m	%	S$m	S$m	S$m	%
Staff costs	48.4	64.0	(15.5)	(24.3)	216.3	228.2	(11.9)	(5.2)
Operating lease	31.9	18.8	13.1	69.7	128.9	113.0	15.9	14.1
Marketing and promotion	48.3	61.7	(13.4)	(21.7)	189.6	187.4	2.3	1.2
Allowance for doubtful receivables	3.3	1.5	1.9	127.2	11.1	12.7	(1.6)	(12.3)
Repair and maintenance	15.5	16.3	(0.9)	(5.3)	63.5	66.8	(3.2)	(4.9)
Other expenses	32.4	17.0	15.4	90.3	91.3	66.9	24.4	36.5
Sub total	179.8	179.3	0.6	0.3	700.8	674.9	25.9	3.8
Depreciation and amortisation	60.1	58.7	1.4	2.4	235.1	226.1	9.0	4.0
Total	240.0	238.0	2.0	0.8	936.0	901.1	34.9	3.9

Compared to 4Q07, total other operating expenses for the quarter at S$240.0 million was marginally higher than 4Q07. As a percentage of operating revenue, the quarter's other operating expenses trended higher at 44.7% as against 44.2% in 4Q07. For the full year, total other operating expenses increased 4% year-on-year to S$936.0 million, but trended lower at 44.0% of operating revenue as compared to 44.7% last year. The quarter and full year periods' changes in the various expense items are further described below.

Staff costs
For the year, staff costs was 5% or S$11.9 million lower year-on-year at S$216.3 million due mainly to lower provision made for variable bonuses for the group this year and reversal of accruals made for senior management performance based bonus no longer required. These adjustments were made in 4Q this year which led to staff costs being lower at S$48.4 million for the quarter. As a percentage of operating revenue, staff costs for the year trended lower at 10.2% of operating revenue compared to 11.3% in 2007.

Operating lease
Operating lease for the quarter at S$31.9 million was 70% or S$13.1 million higher when compared to 4Q07. The 4Q07 operating lease expense included a reversal of over-accrued costs previously. For the year, higher lease rentals for office and network site premises resulted in marginally higher operating lease expense this year. As a percentage of operating revenue, the 2008 operating lease expense at S$128.9 million trended at around the same level as last year of around 6%.

Marketing and promotion
For the quarter, marketing and promotion expenses at S$48.3 million was 22% or S$13.4 million lower when compared to 4Q07. For the full year, marketing and promotion expenses

at S$189.6 million was slightly higher than the S$187.4 million expended last year due to the more aggressive marketing stance earlier this year as operators defended their market share in the run-up to MNP. As a percentage of operating revenue, marketing and promotion expenses this year trended lower at 8.9% as compared to 9.3% last year.

Allowance for doubtful receivables

Allowance for doubtful receivables this quarter at S$3.3 million translate to 0.6% of service revenue in 4Q08, compared to S$1.5 million in 4Q07 which was a low 0.3% of service revenue in the same period last year. For the full year, allowance for doubtful receivables amounted to S$11.1 million or 0.5% of service revenue compared to S$12.7 million or 0.7% of service revenue last year. The lower provision in 2008 is based on the collection experience and ageing profile of the accounts receivable as at year end.

Repair and maintenance

Compared to the same periods last year, repair and maintenance was 5% lower at S$15.5 million for the quarter and S$63.5 million for the full year. The lower expenses this year included the reversal of over-accrued expenses previously made for network infrastructure and system maintenance no longer required. As a ratio of operating revenue, repair and maintenance was lower at 2.9% for the quarter and 3.0% for the full year.

Other expenses

Other expenses increased S$15.4 million to S$32.4 million in 4Q08 and were up S$24.4 million to S$91.3 million for the full year as compared to last year. Foreign exchange differences of S$6.3 million loss year-on-year accounted for 41% of the net increase for the quarter. The rapid strengthening of the USD/SGD exchange rate in 4Q08 resulted in a translation loss of S$5.1 million on the net foreign-currency denominated liabilities as compared to a translation gain of S$1.2 million last year due to a weaker USD. For the year, the foreign exchange differences were a loss of S$2 million compared to a gain of S$2.3 million last year. Against the same periods last year, professional fees relating to outsourced customer service and collection activities were S$3.1 million higher for the quarter and S$7.5 million for the year. Occupancy and utilities charges were higher due to higher rentals and fuel charges which recorded an increase of S$1.9 million for the quarter and S$3.5 million for the year. Provision for inventories obsolescence was higher in 2008, showing an increase of S$1.4 million for the quarter and S$3.2 million for the year. Included in the quarter was a provision for restoration costs of S$3.6 million on leased premises to be terminated in 1st half of 2009. As a percentage of operating revenue, the 2008 other expenses at 4.3% was higher compared to 3.3% last year.

Liquidity and Capital Resources

	Quarter ended 31 Dec				Year ended 31 Dec			
	2008	2007	Incr / (Decr)		2008	2007	Incr / (Decr)	
	S$m	S$m	S$m	%	S$m	S$m	S$m	%
Profit before tax	98.9	91.7	7.3	7.9	382.8	393.5	(10.7)	(2.7)
Non-cash items & net interest expense adjustments	75.1	73.5	1.7	2.3	286.5	270.9	15.6	5.7
Net change in working capital	(37.7)	5.2	(42.9)	nm	(72.1)	31.5	(103.6)	nm
Income tax refund	-	-	-	-	0.3	-	0.3	nm
Net cash provided by operating activities	136.4	170.3	(34.0)	(19.9)	597.5	695.9	(98.4)	(14.1)
Net cash used in investing activities	(54.3)	(102.6)	(48.3)	(47.1)	(218.8)	(207.8)	11.0	5.3
Net cash used in financing activities	(80.7)	(41.3)	39.4	95.5	(388.4)	(400.4)	(12.0)	(3.0)
Net change in cash and cash equivalents	1.4	26.5	(25.1)	(94.7)	(9.6)	87.8	(97.4)	nm
Cash and cash equivalents at beginning of the period	126.9	111.5	15.5	13.9	138.0	50.2	87.8	174.9
Cash and cash equivalents at end of the period	128.3	138.0	(9.6)	(7.0)	128.3	138.0	(9.6)	(7.0)
Free Cash Flow (1)	**81.9**	**67.2**	**14.7**	**21.8**	**377.7**	**483.0**	**(105.3)**	**(21.8)**
Fixed Assets Additions	**52.5**	**96.5**	**(44.0)**	**(45.6)**	**221.6**	**219.4**	**2.1**	**1.0**

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

The better EBITDA performance in the quarter resulted in a 5.3% improvement in the net operating cash flow before working capital changes, which amounted to S$174.0 million compared to S$165.2 million in 4Q07. For the year, net operating cash flow before working capital changes and income tax refund amounted to S$669.3 million. Working capital change for the quarter was negative at S$37.7 million due primarily to net funds applied for a higher prepayment of 2009 license fees, lower trade payables and balances due to related parties and offset by inflows from higher other payables for Pre-paid mobile deferred revenue. For the full year, working capital change was a negative S$72.1 million attributable to net funds applied for the higher trade receivables and prepayment balances, and the lower bonus and marketing expenses balances as payments were made during the year for these expenses which were previously accrued, and higher deferred revenue balances.

Thus, net cash generated from operating activities was 20% lower at S$136.4 million in 4Q08 and 14% lower year-on-year at S$597.5 million for the year due to timing of working capital flow.

Net cash outflow from investing activities in 4Q08 was 47% lower at S$54.3 million as compared to 4Q07 due to lower amounts expended for fixed assets purchases. For the year, cash payments for fixed assets purchases amounted to S$219.8 million, 3% higher than 2007. Interest income was lower this year due both to the lower average surplus cash in the year and the low interest yield for interest bearing deposit. Consequently, overall net cash outflow from investing activities totaled S$218.8 million, 5% higher than last year. As a percentage of operating revenue, capex payment was at 10.2% for the quarter and 10.3% for the full year period.

Accordingly, Group's free cash flow for the quarter was 22% higher at S$81.9 million compared to S$67.2 million in 4Q07. For the full year, free cash flow amounted to S$377.7 million, 22% lower year-on-year as a result of the negative working capital change this year and a slightly higher capex payment in 2008.

As at 31 December 2008, the Group's outstanding capital expenditure commitments amounted to S$184.3 million, S$39.8 million higher compared to a year ago. The year-on-year increase in commitments was mainly attributable to renovation works commitment for the new office premises and variation orders for the new customer management information system that is still work-in-progress.

Net cash outflow from financing activities amounted to S$80.7 million for the quarter. There were no new loans drawn this quarter, unlike the S$35.0 million loans drawn down in 4Q07 which provided inflows to lower the net cash outflows from financing activities last year. Compared to 4Q07, dividend payment was also higher by S$0.005 per share, which amounted to S$8.9 million increase in 4Q08. There was also lower treasury shares purchased this quarter at S$1.7 million compared to the S$6.2 million expended in 4Q07. For the full year, net cash outflow from financing activities amounted to S$388.4 million, 3% lower compared to S$400.4 million in 2007.

As at 31 December 2008, the Group's cash and cash equivalents balance was at S$128.3 million.

Gearing

Gross debt for the Group amounted to S$913.7 million as at 31 December 2008. After netting the cash balance of S$128.3 million, net debt was 5% lower year-on-year at S$785.4 million due to scheduled loan repayments made during the year. As a ratio of 2007 EBITDA, gearing improved from 1.3 times in 2007 to 1.2 times this year.

Balance Sheet

As at 31 December 2008, the Group's total non-current assets totaled S$1,251.7 million, 6% lower compared to S$1,337.9 million a year ago, on the account of lower deferred tax assets and net decrease in property, plant and equipment, and intangible assets.

Total current assets amounted S$409.5 million as at 31 December 2008, an increase of S$27.9 million year-on-year, due to higher trade receivables, other receivables, deposits and prepayments offset by lower cash and bank balances.

Compared to a year ago, the Group's total current liabilities increased S$88.5 million to S$807.9 million as at 31 December 2008, with increase attributed to higher current portion of outstanding bank loans and other payables and provisions, mitigated by lower trade payables and accruals, as well as balances with related parties.

As at 31 December 2008, total non-current liabilities amounted S$745.3 million, S$147.1 million lower than the balance of S$892.4 million recorded last year. The lower balance year-on-year was mainly due to the reclassification of bank loans to current liabilities.

Total equity for the Group as at 31 December 2008 was relatively flat at S$108.1 million compared to S$107.7 million a year ago.

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

Compared to last year, the Group's 2008 operating revenue was 6% higher. This was slightly below our guidance of 7% revenue growth year-on-year.

Full year EBITDA amounted S$644.4 million and as a percentage of service revenue, 2008 EBITDA margin was 31.7%. This was slightly higher than our guidance of 31% for EBITDA margin.

Full year capex payment was at 10% of operating revenue, well within our guidance of full year cash capex not to exceed 12% of operating revenue.

15. GROUP OUTLOOK

The Singapore Government estimates that the Singapore economy is expected to contract between 2% to 5% in 2009, with higher levels of unemployment. The downturn in the global financial markets is not expected to improve soon, and the impact on consumers and businesses remain unknown. Overall, we expect a very challenging operating environment in 2009. While we will continue to execute on our planned strategies, we will also closely monitor customer demand trends to ensure that we operate efficiently in this challenging environment.

We will continue with our plans to upgrade our mobile networks to support more efficient performance and higher speeds as we execute our wireless broadband strategy. For the pre-paid mobile segment, we will ensure that our offers remain competitive in driving sustainable revenue.

In the area of Pay TV, the repackaging of our channels and service subscription packages implemented in 2008 will allow added flexibility to customers to tailor their subscriptions to suit their lifestyle and budget. We will continue to enhance and promote our Demand TV service with quality content, improved interactivity and an enhanced user experience.

On 5 December 2008, we submitted our bid in response to IDA's Request for Proposal for the Next Generation National Broadband Network (NGNBN) Operating Company, and expect the winning bid to be announced by the first quarter of 2009. We will expect to see changes in the Broadband market place once the NGNBN OpCo is awarded and deployment of the network commences in 2010. Regardless of the outcome of the bid, there should be no material impact on the 2009 results.

Based on the current outlook, we expect the Group's 2009 operating revenue growth to be a low single digit growth year-on-year. Blended EBITDA margin on service revenue is expected to be around 31%, and the 2009 cash capital expenditure, as a percentage of operating revenue, is expected not to exceed 11%. In view of the projected profitability and cash flow in 2009, we intend to pay a minimum annual cash dividend for FY2009 at 4.5 cents per ordinary share per quarter, totaling 18.0 cents for the full year.

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	Final
Dividend Type	Cash; Tax exempt (1-tier) dividend
Dividend Amount	S$0.045 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	Final
Dividend Type	Cash; Tax exempt (1-tier) dividend
Dividend Amount	S$0.045 per ordinary share
Tax Rate	Exempt (1-tier)

(c) Date payable

The directors have proposed a final dividend of 4.5 cents per ordinary share, tax exempt (1-tier) for approval by shareholders at the forthcoming annual general meeting to be convened. Details on payment of dividend 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. 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.

Fourth quarter ended 31 December 2008

Network Platforms	Fixed S$m	Mobile S$m	Cable S$m	Elimination S$m	Total S$m
Total revenue	**118.4**	**294.7**	**166.3**	**(42.8)**	**536.7**
Service revenue	77.6	272.2	164.7		514.5
Sale of equipment	0.1	21.2	0.9		22.2
EBITDA	26.4	103.7	35.1	-	165.2
EBITDA as % of service revenue	34.0%	38.1%	21.3%		32.1%

Full year ended 31 December 2008

Network Platforms	Fixed S$m	Mobile S$m	Cable S$m	Elimination S$m	Total S$m
Total revenue	**445.4**	**1,174.0**	**660.5**	**(152.2)**	**2,127.6**
Service revenue	299.9	1,079.0	651.4		2,030.3
Sale of equipment	0.2	91.0	6.1		97.3
EBITDA	104.2	396.2	144.0	-	644.4
EBITDA as % of service revenue	34.7%	36.7%	22.1%		31.7%

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

1. SEGMENT REPORTING

2008

	Telco (1) S$m	Cable TV and Broadband S$m	Others S$m	Elimination S$m	Total S$m
Revenue and expenses					
External revenue	1,469.4	657.5	0.7	-	2,127.6
Inter-segment revenue	105.2	3.0	-	(108.2)	-
Operating revenue	1,574.6	660.5	0.7	(108.2)	2,127.6
Segment results	441.9	(3.0)	0.2	(30.0)	409.3
Interest income					0.8
Interest on borrowings					(27.3)
Profit before taxation					382.8
Taxation					(71.5)
Profit for the year					311.3
Assets and liabilities					
Segment assets	1,181.8	382.9	11.1	(160.0)	1,415.9
Loans receivable	504.0	-	24.0	(528.0)	-
Allocated assets					1,415.9
Unallocated assets					245.4
Total assets					1,661.3
Segment liabilities	476.7	282.0	2.0	(160.0)	600.7
Loans	913.7	528.0	-	(528.0)	913.7
Allocated liabilities					1,514.4
Unallocated liabilities					38.8
Total liabilities					1,553.2
Other segment information					
Capital expenditure	163.9	57.9	-	(0.3)	221.6
Depreciation (net of asset grants)	135.8	80.2	-	-	216.0
Amortisation	14.8	4.4	-	-	19.1
Provisions	8.5	8.9	-	-	17.5

Note:

(1) Telco refers to Telecommunications

1. SEGMENT REPORTING (CONT'D)

2007

	Telco [1] S$m	Cable TV and Broadband S$m	Others S$m	Elimination S$m	Total S$m
Revenue and expenses					
External revenue	1,415.3	596.8	1.6	-	2,013.7
Inter-segment revenue	68.6	7.6	0.1	(76.3)	-
Operating revenue	1,483.9	604.4	1.7	(76.3)	2,013.7
Segment results	427.6	54.2	-	(65.0)	416.7
Interest income					3.0
Interest on borrowings					(26.2)
Profit before taxation					393.5
Taxation					(63.1)
Profit for the year					330.3
Assets and liabilities					
Segment assets	1,103.5	422.3	5.1	(123.8)	1,407.2
Loans receivable	504.0	-	26.0	(530.0)	-
Allocated assets					1,407.2
Unallocated assets					312.3
Total assets					1,719.5
Segment liabilities	461.1	270.5	2.1	(123.8)	609.9
Loans	968.0	530.0	-	(530.0)	968.0
Allocated liabilities					1,577.9
Unallocated liabilities					33.9
Total liabilities					1,611.8
Other segment information					
Capital expenditure	172.7	47.0	-	(0.2)	219.4
Depreciation (net of asset grants)	131.0	75.9	0.1	-	207.0
Amortisation	13.4	5.7	-	-	19.1
Provisions	8.0	5.8	-	-	13.8

Note:
(1) Telco refers to Telecommunications

2. SEGMENT PERFORMANCE

For review of the segment performance, please refer to Section 13 “Review of Group Performance”.

3. BREAKDOWN OF SALES

	2008 S$m	2007 S$m	Incr / (Decr) S$m	%
Operating revenue reported for first half year	1,066.3	961.8	104.5	10.9
Operating profit after tax before deducting minority interests reported for first half year	144.3	150.7	(6.4)	-4.2
Operating revenue reported for second half year	1,061.3	1,051.9	9.4	0.9
Operating profit after tax before deducting minority interests reported for second half year	167.0	179.6	(12.6)	-7.0

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

	Year ended 31 Dec	
	2008 S$m	2007 S$m
Ordinary shares (include proposed final dividend)	307.7	277.9
Preference shares	-	-
Total Annual Dividend	**307.7**	**277.9**

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$100,000) 1 January to 31 December 2008 S$m
Transactions for the Sales of Goods & Services	
Chartered Semiconductor Manufacturing Ltd & its associates	0.3
PT Indosat Tbk & its associates	1.5
Singapore Technologies Engineering Ltd & its associates	0.2
Singapore Telecommunications Limited & its associates	44.8
TeleChoice International Ltd & its associates	3.0
Temasek Holdings (Private) Limited & its associates (other than those disclosed above)	0.9
	50.7
Transactions for the Purchase of Goods & Services	
Capitaland Limited & its associates	0.7
PT Indosat Tbk & its associates	8.1
Singapore Computer Systems Limited & its associates	4.4
Singapore Power Limited & its associates	25.9
Singapore Technologies Engineering Ltd & its associates	0.4
Singapore Telecommunications Limited & its associates	96.5
SMRT Corporation Ltd & its associates	0.4
SNP Corporation Limited & its associates	2.0
STT Communications Ltd and its associates	1.2
TeleChoice International Ltd & its associates	186.8
Temasek Holdings (Private) Limited & its associates (other than those disclosed above)	20.9
	347.4

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 December 2008.

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Independent auditors' report

Members of the Company
StarHub Ltd

We have audited the accompanying financial statements of StarHub Ltd (the Company) and its subsidiaries (the Group), which comprise the balance sheets of the Group and the Company as at 31 December 2008, the profit and loss statements and statements of changes in equity of the Group and the Company and cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages FS1 to FS47.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with provisions of the Singapore Companies Act, Chapter 50 (the Act) and Singapore Financial Reporting Standards. This responsibility includes:

(a) 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 profit and loss accounts and balance sheets and to maintain accountability of assets;

(b) selecting and applying appropriate accounting policies; and

(c) making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion:

(a) the consolidated financial statements of the Group and the balance sheet, profit and loss statement and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2008 and the results and changes in equity of the Group and of the Company and cash flows of the Group for the year ended on that date; and

(b) the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

KPMG LLP

KPMG LLP
Public Accountants and
Certified Public Accountants

Singapore

10 February 2009