



StarHub Ltd
Reg. No.: 199802208C
51 Cuppage Road
#07-00 StarHub Centre
Singapore 229469
Tel: (65) 6825 5000
Fax: (65) 6721 5000

STARHUB LTD

Announcement of Audited Results for the Full Year ended 31 December 2005

StarHub is pleased to announce our results for the fourth quarter and full year ended 31 December 2005.

Results for the Fourth Quarter and Full Year ended 31 December 2005

1. GROUP PROFIT AND LOSS STATEMENT

	Quarter ended 31 Dec			Year ended 31 Dec		
	2005 S\$m	2004 S\$m	% Change +/-	2005 S\$m	2004 S\$m	% Change +/-
	(Restated)			(Restated)		
Operating revenue	415.1	361.1	14.9	1,570.7	1,355.2	15.9
Operating expenses	(347.5)	(362.5)	4.2	(1,314.4)	(1,372.9)	4.3
Other operating income	-	-	-	-	0.9	-100.0
Profit/(Loss) from operations	67.6	(1.4)	nm	256.3	(16.7)	nm
Interest income	1.4	0.4	218.3	3.9	0.8	@
Interest on borrowings	(3.3)	(3.7)	11.0	(11.9)	(14.4)	16.8
Profit/(Loss) before taxation	65.7	(4.7)	nm	248.3	(30.3)	nm
Taxation	7.6	(2.0)	nm	(26.9)	(24.4)	-10.2
Profit/(Loss) after taxation	73.3	(6.7)	nm	221.4	(54.7)	nm
Attributable to:						
Shareholders of the company	73.3	(6.7)	nm	221.4	(54.7)	nm
Minority interests	-	-	-	-	-	-
	73.3	(6.7)	nm	221.4	(54.7)	nm
EBITDA	117.4	88.8	32.2	460.1	322.9	42.5
EBITDA as a % of service revenue	30.0%	26.1%	3.9 pts	31.0%	25.1%	5.9 pts
Free Cash Flow ⁽¹⁾	81.4	0.3	@	256.9	117.9	117.9
<i>Profit/(Loss) from operations is arrived after charging/(crediting) the following:</i>						
<i>Allowance for doubtful and bad debts written off</i>	(2.3)	(1.4)	-61.2	7.6	19.5	60.7
<i>Depreciation and amortisation (net of asset grant)</i>	49.8	90.2	44.8	203.8	339.6	40.0

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
- (3) Certain comparative figures have been changed to conform to current year presentation
- (4) Restated : Figures in 2004 have been restated for the impact of FRS 102 – Share-Based Payments

2. BALANCE SHEETS

	Group		Company	
	31 Dec 05 S\$m	31 Dec 04 S\$m (Restated)	31 Dec 05 S\$m	31 Dec 04 S\$m (Restated)
Non-current assets				
Property, plant and equipment	957.4	919.7	278.8	282.8
Intangible assets	327.6	337.8	13.5	17.3
Investments in subsidiaries	-	-	1,063.2	1,040.1
Deferred tax assets	145.0	140.5	119.7	125.7
Amounts due from subsidiaries	-	-	103.2	401.1
	1,430.1	1,398.1	1,578.6	1,866.9
Current assets				
Inventories	13.1	6.4	9.1	3.7
Trade receivables	99.3	90.1	63.9	56.9
Other receivables, deposits and prepayments	106.2	103.5	39.8	36.6
Balances with related parties	17.2	18.1	545.4	244.8
Cash and bank balances	174.5	126.7	156.7	119.4
	410.3	344.6	814.9	461.3
Current liabilities				
Trade payables and accruals	325.2	288.1	201.3	164.7
Other payables and provision	178.7	190.0	88.7	100.6
Balances with related parties	63.5	61.1	84.4	81.9
Interest-bearing borrowings	110.5	73.5	17.0	-
	677.8	612.7	391.4	347.2
Net current assets/(liabilities)	(267.4)	(268.0)	423.4	114.1
Non-current liabilities				
Interest-bearing borrowings	132.5	246.0	-	-
Deferred income	21.8	25.7	-	-
Deferred tax liabilities	31.4	-	-	-
Net assets	976.9	858.4	2,002.0	1,981.0
Share capital	854.8	847.2	854.8	847.2
Reserves	122.1	11.2	1,147.2	1,133.9
Total equity	976.9	858.4	2,002.0	1,981.0

3. GROUP CASH FLOW STATEMENT

	Quarter ended 31 Dec		Year ended 31 Dec	
	2005 S\$m	2004 S\$m	2005 S\$m	2004 S\$m
	(Restated)		(Restated)	
Operating Activities				
Profit/(Loss) before taxation	65.7	(4.7)	248.3	(30.3)
Adjustments for :-				
Provision for charity fund/loyalty programme	1.8	6.9	8.4	12.4
Depreciation and amortisation (net of asset grant)	49.8	90.2	203.8	339.6
Loss on disposal/write-off of property, plant & equipment and intangible assets	0.5	7.7	1.0	8.0
Net interest expense	1.9	3.3	8.0	13.6
Share-based expenses	1.4	0.5	5.5	2.2
Operating cashflow before working capital changes	121.1	103.9	475.0	345.5
Changes in working capital	(4.6)	(25.1)	29.6	(7.1)
Net cash inflow from operating activities	116.5	78.7	504.6	338.5
Investing Activities				
Proceeds from disposal of property, plant and equipment and intangible assets	0.1	0.3	0.3	0.6
Purchase of property, plant and equipment and intangible assets	(35.2)	(78.4)	(247.7)	(220.6)
Interest received	1.4	0.4	3.9	0.7
Disposal of subsidiary	-	-	-	(0.6)
Net cash outflow from investing activities	(33.7)	(77.6)	(243.5)	(219.9)
Financing Activities				
Proceeds from issue of shares	2.7	1.3	16.1	17.4
Repayment of finance lease liabilities and grants received	-	(0.1)	-	(0.4)
Interest paid	(5.0)	(2.8)	(14.2)	(16.2)
Proceeds from loans	-	-	17.0	36.0
Repayment of loans	(73.5)	(30.5)	(93.5)	(102.5)
Dividend paid on ordinary shares	(53.4)	-	(138.7)	-
Net cash outflow from financing activities	(129.1)	(32.1)	(213.3)	(65.7)
Net change in cash and cash equivalents	(46.3)	(31.0)	47.8	52.8
Cash and cash equivalents at beginning of the period	220.8	157.7	126.7	73.8
Cash and cash equivalents at end of the period	174.5	126.7	174.5	126.7

4. GROUP UNSECURED BORROWINGS

	31 Dec 05 S\$m	31 Dec 04 S\$m
Unsecured borrowings		
Amount repayable in one year or less	110.5	73.5
Amount repayable after one year	132.5	246.0
Total	243.0	319.5

5. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Group		Company	
	2005 S\$m (Restated)	2004 S\$m (Restated)	2005 S\$m (Restated)	2004 S\$m (Restated)
Share capital				
Balance as at 1 Jan	847.2	838.0	847.2	838.0
Issue of shares under StarHub Share Option Plans	6.4	8.5	6.4	8.5
Balance as at 30 Sep	853.6	846.5	853.6	846.5
Issue of shares under StarHub Share Option Plans	1.2	0.6	1.2	0.6
Balance as at 31 Dec	854.8	847.2	854.8	847.2
Share premium				
Balance as at 1 Jan	10.0	1.7	10.0	1.7
Issue of shares under StarHub Share Option Plans	7.0	7.6	7.0	7.6
Balance as at 30 Sep	17.0	9.3	17.0	9.3
Issue of shares under StarHub Share Option Plans	1.5	0.7	1.5	0.7
Balance as at 31 Dec	18.5	10.0	18.5	10.0
Goodwill written off				
Balance as at 1 Jan, 30 Sep & 31 Dec	(276.3)	(276.3)	-	-
Merger reserve				
Balance as at 1 Jan, 30 Sep & 31 Dec	213.5	213.5	-	-
Capital reserve				
Balance as at 1 Jan, 30 Sep & 31 Dec	191.9	191.9	718.8	718.8
Share-based payment reserve				
Balance as at 1 Jan, as previously stated	-	-	-	-
Effects of adopting FRS 102	3.0	0.8	3.0	0.8
Balance as at 1 Jan, as restated	3.0	0.8	3.0	0.8
Share-based expenses	4.1	1.7	4.1	1.7
Balance as at 30 Sep, as restated	7.1	2.5	7.1	2.5
Share-based expenses	1.4	0.5	1.4	0.5
Balance as at 31 Dec, as restated	8.5	3.0	8.5	3.0

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

	Group		Company	
	2005 S\$m	2004 S\$m (Restated)	2005 S\$m	2004 S\$m (Restated)
Hedging reserve				
Balance as at 1 Jan, as previously stated	-	-	-	-
Effects of adopting FRS 39	(4.1)	-	-	-
Balance as at 1 Jan & 30 Sep, as restated	(4.1)	-	-	-
Effective portion of changes in fair value of cash flow hedge	5.9	-	-	-
Balance as at 31 Dec	1.9	-	-	-
Retained profits/(losses)				
Balance as at 1 Jan, as previously stated	(127.9)	(75.5)	404.1	488.8
Effects of adopting FRS 102	(3.0)	(0.8)	(2.0)	(0.5)
Effects of adopting FRS 39	12.3	-	18.1	-
Balance as at 1 Jan, as restated	(118.6)	(76.2)	420.2	488.3
Net profit/(loss) for the period	148.1	(48.0)	8.4	(54.9)
Dividend on ordinary shares	(85.3)	-	(85.3)	-
Balance as at 30 Sep, as restated	(55.8)	(124.2)	343.2	433.4
Net profit/(loss) for the period	73.3	(6.7)	111.5	(31.3)
Dividend on ordinary shares	(53.4)	-	(53.4)	-
Balance as at 31 Dec, as restated	(35.9)	(130.9)	401.4	402.1
Total	976.9	858.4	2,002.0	1,981.0
Minority interest				
Balance as at 1 Jan	-	0.6	-	-
Disposal of subsidiary	-	(0.6)	-	-
Balance as at 30 Sep & 31 Dec	-	-	-	-
Total Equity	976.9	858.4	2,002.0	1,981.0

6. CHANGES IN COMPANY'S SHARE CAPITAL

Issue of new shares

For the period between 1 October 2005 and 31 December 2005, the Company issued 2,989,036 ordinary shares of par value of S\$0.40 each 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\$0.985 per share.

Outstanding share options

As at 31 December 2005, there were options outstanding comprising 49,348,952 (31 December 2004: 57,773,371) unissued ordinary shares of par value of S\$0.40 each. This represents 2.3% of total issued share capital in the Company.

Performance shares

As at 31 December 2005, the number of outstanding performance shares under the StarHub Performance Share Plan was 2,555,000 (31 December 2004: Nil).

7. AUDIT

The results for the financial year have been audited.

8. AUDITORS' REPORT

A copy of the Auditors' report is attached.

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 2004. During the year, the Group also adopted new and revised Financial Reporting Standards ("FRS") that became mandatory for financial years beginning on or after 1 January 2005 and these include the following:-

FRS 102	Share-Based Payments
FRS 103	Business Combinations
Revised FRS 36	Impairment Of Assets
Revised FRS 38	Intangible Assets
FRS 39	Financial Instruments: Recognition and Measurement

10. CHANGES IN ACCOUNTING POLICIES AND ESTIMATES**FRS 102**

Under FRS 102, the Company has accounted for its Share Option and Performance Share Plans as equity-settled share-based payments, which are measured at fair value at the date of grant. The share-based expense is recognised in the Profit and Loss statement on a straight-line basis over the vesting period. The Standard is applied on a retrospective basis that requires that the 2004 comparative figures be restated.

The financial impact of adopting FRS 102 is to increase the Group's staff costs by S\$5.5 million for the year and S\$2.2 million for 2004. For the quarter, the Group's staff costs increased by S\$1.4 million for 4Q05 and S\$0.5 million for 4Q04.

The Group's retained losses as at 1 January 2005 were restated to increase by S\$3.0 million, with the corresponding entry made to the share-based payment reserve. As at 31 December 2005, the share-based payment reserve account amounted to S\$8.5 million.

FRS 103, Revised FRS 36, Revised FRS 38

Under these standards, goodwill acquired in a business combination as recorded in the balance sheet of the Group can no longer be amortised and charged to the Profit and Loss statement. Instead such goodwill will be tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired.

The standards are applied on a prospective basis effective 1 January 2005, and accordingly do not affect the Group's financial statements for the financial year ended 31 December 2004.

With the application of the standards, the carrying amount of goodwill as at 1 January 2005 of S\$223.2 million ceased to be amortised. This has the effect of reducing the amortisation charges by S\$4.5 million in 4Q05 and S\$17.9 million for the year ended 31 December 2005.

FRS 39

FRS 39 requires all financial assets and liabilities to be classified into appropriate categories at initial recognition and re-evaluates this designation at each reporting date. FRS 39 also requires a derivative to be initially recognised at fair value on the date the derivative contract is entered into and is subsequently re-measured at fair value. The recognition of the resulting gain or loss depends on whether the derivative is designated as a hedging instrument and if so, the nature of the item being hedged.

FRS 39 is applied on a prospective basis and as prescribed by the Standard, the comparative figures for 2004 are not restated. Instead, the effects of adopting FRS 39 are to be adjusted as one-off adjustments to the opening reserves as at 1 January 2005.

Based on the financial assets and liabilities as at 1 January 2005, the adoption of FRS 39 has resulted in an increase in equity of S\$8.2 million as follows :-

Increase in retained profits	S\$12.3 million
Decrease in hedging reserves	S\$(4.1) million

Change in accounting estimates of useful lives of assets

As mentioned in our previous results announcement, the Group revised the estimated useful lives of certain network assets from five to eight years with effect from 1 January 2005. This reduced the depreciation charges for 4Q05 by S\$14.1 million and S\$78.7 million for the year ended 31 December 2005.

11. GROUP EARNINGS / (LOSS) PER ORDINARY SHARE

	Quarter ended 31 Dec		Year ended 31 Dec	
	2005	2004 (Restated)	2005	2004 (Restated)
Basic	3.43 cents	(0.32) cents	10.41 cents	(2.59) cents
Diluted	3.40 cents	(0.32) cents	10.30 cents	(2.59) cents

12. NET ASSET VALUE PER ORDINARY SHARE

	Group		Company	
	31 Dec 2005	31 Dec 2004 (Restated)	31 Dec 2005	31 Dec 2004 (Restated)
Net asset value per share	45.7 cents	40.5 cents	93.7 cents	93.5 cents

13. REVIEW OF GROUP PERFORMANCE

	Quarter ended 31 Dec				Year ended 31 Dec			
	2005 S\$m	2004 S\$m	Change (+/-)		2005 S\$m	2004 S\$m	Change (+/-)	
	(Restated)				(Restated)			
Operating revenue	415.1	361.1	54.0	14.9	1,570.7	1,355.2	215.5	15.9
Profit/(Loss) from operations	67.6	(1.4)	69.0	nm	256.3	(16.7)	273.0	nm
Profit/(Loss) before taxation	65.7	(4.7)	70.4	nm	248.3	(30.3)	278.6	nm
Profit/(Loss) after taxation	73.3	(6.7)	79.9	nm	221.4	(54.7)	276.1	nm
EBITDA	117.4	88.8	28.6	32.2	460.1	322.9	137.2	42.5
EBITDA as a % of service revenue	30.0%	26.1%	3.9 pts	-	31.0%	25.1%	5.9 pts	-
Free cash flow	81.4	0.3	81.0	@	256.9	117.9	139.0	117.9

Results for the year ended 31 December 2005

Year-on-year (YoY), operating revenue grew 16% to S\$1,570.7 million and for the quarter, 15% to S\$415.1 million. All lines of business, except Fixed network services, achieved double-digit growth for both the quarter and the year. Fixed network services grew 17% quarter-on-quarter (QoQ) and significantly made up for the reduced 1% negative growth YoY due to the lower traditional international transit wholesale business as the Group de-emphasized this low margin business earlier this year. Broadband continues to register the highest growth in revenue in both the 4th quarter and year at 36% and 41% respectively.

Profit from operations amounted to S\$256.3 million for the year and S\$67.6 million for the quarter. This is the first year that the Group recorded profits for all the four quarters resulting in its first full year of profits in 2005 compared to the loss of S\$16.7 million in 2004. The strong profit performance for the year was driven mainly by the increase in EBITDA and lower depreciation expenses.

EBITDA increased 43% YoY to S\$460.1 million for the year and 32% to S\$117.4 million for the quarter, driven mainly by the increase in subscriber bases and the strong ARPUs recorded in Mobile, Cable TV and Broadband. EBITDA margin on service revenue expanded 5.9 percentage points from 25.1% in 2004 to 31.0% this year. For the quarter, EBITDA margin tracked 30.0% and though marginally lower than that for the year, was 3.9 percentage points higher than 4Q04. Apart from the festive promotions in 4th quarter resulting in seasonally lower margins for the year, there were additional expenses incurred for the i-mode launch and the initiation of the registration exercise for the Pre-paid mobile services, which commenced in November 2005, that further impacted the margin.

During the year, the Group revised the depreciation rates for certain of its fixed assets by changing their useful lives estimate from 5 years to 8 years. This resulted in depreciation expenses being lower by S\$78.7 million for the year and S\$14.1 million for the quarter. Excluding the impact of the depreciation rates change, the Group would have still recorded a S\$177.6 million profit from operations in 2005, compared to the loss of S\$16.7 million in 2004.

Taxation for the year amounted to a charge of S\$26.9 million, and for the quarter there was a credit balance of S\$7.6 million. The lower effective tax rate of 10.8% for the year was a result of a S\$21.9 million deferred tax credit being recorded by a subsidiary in 4Q05, which commenced accounting for deferred tax benefit with effect from this year.

Consequently, the Group achieved a profit after tax of S\$221.4 million for the year compared to the loss of S\$54.7 million in 2004 and for the quarter, profit after tax amounted to S\$73.3 million compared to a loss of S\$6.7 million in 4Q04.

Free cash flow for the year increased 118% YoY to S\$256.9 million and for the quarter, increased S\$81.0 million to S\$81.4 million. This was driven mainly from the strong EBITDA performance of the Group in 2005, while capital expenditure outflow was held at about the same level as last year.

Operating Revenue

The Group's operating revenue are further analysed in the following paragraphs.

	Quarter ended 31 Dec				Year ended 31 Dec			
	2005 S\$m	2004 S\$m	Change (+/-) S\$m %		2005 S\$m	2004 S\$m	Change (+/-) S\$m %	
Operating revenue								
Mobile revenue	212.2	192.2	20.0	10.4	821.6	712.7	108.9	15.3
Cable TV revenue	70.2	60.7	9.6	15.8	262.4	223.7	38.7	17.3
Broadband revenue	49.0	36.1	12.9	35.7	177.2	125.9	51.3	40.8
Fixed network services revenue	59.6	51.1	8.5	16.7	221.7	224.6	(2.9)	-1.3
Total service revenue	391.1	340.2	50.9	15.0	1,483.0	1,286.9	196.1	15.2
Sale of equipment	24.0	20.9	3.0	14.5	87.8	68.3	19.5	28.5
Total	415.1	361.1	54.0	14.9	1,570.7	1,355.2	215.5	15.9

	Quarter ended 31 Dec		Year ended 31 Dec	
	2005 Mix %	2004 Mix %	2005 Mix %	2004 Mix %
Operating revenue mix				
Mobile revenue	51.1	53.2	52.3	52.6
Cable TV revenue	16.9	16.8	16.7	16.5
Broadband revenue	11.8	10.0	11.3	9.3
Fixed network services revenue	14.4	14.2	14.1	16.6
Sale of equipment	5.8	5.8	5.6	5.0
Total	100.0	100.0	100.0	100.0

For the year, the Group's total service revenue increased 15% YoY to S\$1,483.0 million. Mobile revenue grew 15% and Cable TV revenue recorded a YoY increase of 17%. Broadband revenue registered the highest YoY increase at 41% while Fixed network services revenue showed a marginal decrease of 1% for the year. For the quarter, all lines of business reported double-digit growth, including Fixed network services.

Revenue from sales of equipment increased S\$3.0 million for the quarter to S\$24.0 million and was S\$19.5 million higher for the year at S\$87.8 million. The higher revenue was attributed to higher volume of handsets and mobile accessories sold as a result of our larger customer base.

On a revenue-mix basis, the Mobile business continues to contribute to the largest share at 52% for the year. Broadband being the fastest growing line of business has increased its contribution to the revenue mix from 9% in 2004 to 11% in 2005. Cable TV revenue share remained relatively stable at 17%, while Fixed network services share of the revenue mix decreased from 17% in 2004 to 14% in 2005.

Mobile Service Revenue

	Quarter ended 31 Dec				Year ended 31 Dec			
	2005	2004	Change (+/-)		2005	2004	Change (+/-)	
Mobile revenue	S\$m	S\$m	S\$m	%	S\$m	S\$m	S\$m	%
Post-paid	170.0	162.5	7.5	4.6	661.9	614.5	47.5	7.7
Pre-paid	42.2	29.7	12.4	41.9	159.7	98.3	61.4	62.5
Total	212.2	192.2	20.0	10.4	821.6	712.7	108.9	15.3

Mobile Key Drivers	Quarter ended			Year ended		YoY
	31 Dec 2005	30 Sep 2005	31 Dec 2004	31 Dec 2005	31 Dec 2004	% Change +/-
Number of mobile customers (in thousands)						
Post-paid	755	730	689	755	689	9.6
Pre-paid	636	598	471	636	471	35.2
Total	1,392	1,328	1,160	1,392	1,160	20.0
Monthly minutes of use per active customer						
Post-paid	559	564	603	566	616	-8.1
Pre-paid	148	102	96	114	94	21.4
Average monthly SMS per user (originating)	109	100	111	105	113	-6.9
Total MMS traffic (in millions)	3.6	3.3	3.3	14.6	10.1	44.8
Total GPRS traffic (in gigabytes)	692.0	683.3	588.7	2,747.6	1,768.1	55.4
ARPU with IDD included (S\$ per month)						
Post-paid	71	71	74	71	72	-1.9
Pre-paid	22	24	22	23	22	6.4
Blended	49	51	54	50	54	-7.5
Non-voice service as a contribution to blended ARPU	16.7%	16.2%	16.1%	16.5%	15.5%	-
Average acquisition cost per gross connection (S\$)	105	98	114	107	125	14.3
Average monthly churn rate (post-paid)	0.9%	0.9%	1.1%	0.9%	1.0%	-
Singapore mobile penetration ⁽¹⁾	97.8%	96.2%	91.0%	97.8%	91.0%	-
Market Share	32.7%	31.7%	30.0%	32.7%	30.0%	-

Note:

(1) Source : IDA

Mobile revenue at S\$212.2 million for the quarter was 10% higher than 4Q04. For the year, mobile revenue increased 15% to S\$821.6 million. Post-paid mobile services revenue at S\$661.9 million continues to account for the major share of the mobile revenue mix at 81%, with Pre-paid mobile services revenue, at S\$159.7 million, making up the 19% of the revenue mix.

For 4Q05, we added 64K to our mobile customers base, bringing the total customer net-adds to 232K customers for the year. As at 31 December 2005, our Mobile customers base totaled 1.39 million customers, and our market share is estimated to be 32.7%. The Singapore mobile market penetration as at 31 December 2005 is 97.8%.

Post-paid mobile services

For the quarter, Post-paid mobile services revenue grew by 5% to S\$170.0 million and registered a 8% YoY increase to S\$661.9 million for the year.

During the quarter, we added 25.6K customers to our Post-paid base, taking 67% of the market net-adds for the quarter. For the year, our Post-paid customer base grew 10% YoY compared to 5% growth in the Post-paid segment of the Singapore mobile market. 66.4K customers, representing 53% of the market net-adds for the year was added to our Post-paid base. As at 31 December 2005, we have a total of 755.2K customers in our Post-paid base and this represents a Post-paid market share of 27.6%.

For the quarter, ARPU continues to trend at S\$71 per month. For the year, the average ARPU at S\$71 was a dollar lower when compared to that in 2004. This was the result of more customers subscribing to the newer price plans introduced since October 2004.

The continued enhancement to our mobile service offerings and various hubbing promotional offers helped to attract and retain customers. The average monthly churn rate in our Post-paid base has decreased to 0.9% in 2005 compared to 1.0% in 2004.

Pre-paid mobile services

For the quarter, our Pre-paid mobile services revenue at S\$42.2 million was 42% higher than 4Q04. For the year, Pre-paid mobile services revenue grew 62% to S\$159.7 million. The growth in the Pre-paid revenue was driven mainly by the increase in our Pre-paid customer base and usage.

During the quarter, we took 115% of the market net-adds for the quarter and added 38.4K Pre-paid customers to our base. The strong performance for the quarter was as a result of our enhanced Pre-paid service offerings to our customers introduced on 17 September 2005, when we chose to respond and match our competitors' Pre-paid promotional offers which they launched in the previous two quarters. For the year, a total of 165.6K customers were added to our Pre-paid base, a 35% increase from our base of 471K a year ago. As at 31 December 2005, our Pre-paid customer base closed at 636.4K, further strengthening our leadership position in the Pre-paid segment at 42.0% market share.

For the quarter, the monthly Pre-paid ARPU was \$2 lower than the previous quarters in 2005 despite the increase in monthly MOU per customer. The lower ARPU this quarter was a result of the new features in our Pre-paid service offerings: revised Pre-paid local tariffs, “on-demand” free incoming calls. For the year, the average Pre-paid ARPU amounted to S\$23 per month, a dollar higher than in 2004. The higher ARPU was attributable to the overall higher usage by customers in 2005.

Non-Voice Services

Usage of non-voice services continues to grow in the 4th quarter, driven mainly by the increase in SMSs. There was also a slight pick up in the non-SMS mobile data traffic as in the GPRS and MMS traffic, as the EPL and festive season gain momentum in the 4th quarter.

To further drive the growth in non-SMS mobile data traffic, we launched i-mode services on 18 November 2005. This service is available on both the GSM 2.5G and 3G networks. Due to the limited range of i-mode handsets in Singapore, the service has yet to have a material impact on the mobile data traffic. We expect a wider range of handsets to be available by 2nd half of 2006.

For the quarter, non-voice services as a percentage of blended ARPU increased to 16.7% and for the year, 16.5%, 1 percentage point higher than 2004. Total GPRS traffic increased 55% YoY to 2,747.6Gbytes and MMS traffic grew 45% YoY to 14.6 million messages.

Acquisition Cost

Average acquisition cost per gross connection for the quarter was S\$105 and for the year, amounted to S\$107. This was comparatively lower than last year mainly due to the higher mix of Pre-paid service connections acquired this year. Pre-paid acquisition costs are considerably lower than that of Post-paid service connections.

Cable TV Revenue

	Quarter ended 31 Dec				Year ended 31 Dec			
	2005	2004	Change (+/-)		2005	2004	Change (+/-)	
	S\$m	S\$m	S\$m	%	S\$m	S\$m	S\$m	%
Cable TV revenue	70.2	60.7	9.6	15.8	262.4	223.7	38.7	17.3

Cable TV Key Drivers	Quarter ended			Year ended		YoY
	31 Dec 2005	30 Sep 2005	31 Dec 2004	31 Dec 2005	2004	% Change +/-
Number of residential cable TV customers (in thousands)	448	433	412	448	412	8.6
ARPU (S\$ per month)	47	45	42	45	41	11.3
Average monthly churn rate	1.0%	0.9%	1.0%	0.9%	0.8%	-
Percentage of home-passed	99.9%	99.9%	99.9%	99.9%	99.9%	-
StarHub's penetration	40.1%	39.0%	37.4%	40.1%	37.4%	-

Cable TV revenue at S\$70.2 million for the quarter was 16% higher than that in 4Q04. YoY, Cable TV revenue increased 17% to S\$262.4 million for 2005. The increase in revenue was attributable to a larger customer base and higher ARPU as more customers subscribed to the digital tiers in 2005.

During the quarter, more marketing activities together with attractive festive promotions created more awareness for our Cable TV offerings and encouraged subscriptions to our Digital Cable services. For the quarter, we added 15K subscribers and closed the year with 448K subscribers in our Cable TV customer base. This represents a market penetration of 40.1%, up 2.7 percentage points from 37.4% a year ago. For the year, a total of 36K subscribers were added to the customer base, representing a YoY increase of 9%. As at 31 December 2005, digital tier subscribers comprised 44% of the Cable TV subscriber base at 197K subscribers, which was a 269% increase over the 53K digital subscribers a year ago.

Monthly Cable TV ARPU at S\$47 for the quarter was S\$5 higher compared to 4Q04. For the year, the monthly ARPU amounted to S\$45, an increase of S\$4 from one year ago. The improvement in ARPU was primarily due to higher take-up of the digital tier channels and value packs by subscribers and the impact of price increases in the Sports package and analog set top box rental.

Broadband Revenue

	Quarter ended 31 Dec				Year ended 31 Dec			
	2005	2004	Change (+/-)		2005	2004	Change (+/-)	
	S\$m	S\$m	S\$m	%	S\$m	S\$m	S\$m	%
Broadband revenue	49.0	36.1	12.9	35.7	177.2	125.9	51.3	40.8

Broadband Key Drivers	Quarter ended			Year ended		YoY
	31 Dec	30 Sep	31 Dec	31 Dec		% Change
	2005	2005	2004	2005	2004	+/-
Number of residential broadband customers - subscription-based (in thousands)	277	261	215	277	215	29.2
ARPU (S\$ per month)	58	57	56	57	54	5.5
Average monthly churn rate	1.1%	1.1%	1.0%	1.0%	1.1%	-
Percentage of home-passed	99.9%	99.9%	99.9%	99.9%	99.9%	-

For the quarter, Broadband revenue at S\$49.0 million was 36% higher than that recorded in 4Q04. For the year, Broadband revenue increased 41% YoY to S\$177.2 million. The increase in revenue was primarily due to a larger base of customers and higher ARPU.

During the quarter, increased product marketing and year-end festive promotions led to an increased number of customers acquired. For the quarter, we added 16K subscribers to our base to close the year with a total of 277K residential broadband subscribers. The ease of use of our cable modem Broadband service and the attractive subscription plans promotions during the year resulted in a 29% YoY increase in our subscribers for the year.

As more customers signed up for the higher tier plans, the monthly blended ARPU drifted slightly higher for the quarter to S\$58, compared to \$56 in 4Q04 and \$57 for the previous quarters in 2005. For the year, monthly ARPU averaged to be S\$57, S\$3 higher than a year ago.

As at 31 December 2005, based on the IDA statistics (which includes prepaid and wholesale customers), we have a 50.6% market share of the residential broadband market, which is up from 47.0% in 2004.

Fixed Network Services Revenue

Fixed Network Services Revenue	Quarter ended 31 Dec				Year ended 31 Dec			
	2005	2004	Change (+/-)		2005	2004	Change (+/-)	
	S\$m	S\$m	S\$m	%	S\$m	S\$m	S\$m	%
Data & internet	39.3	32.4	6.9	21.4	145.6	131.0	14.6	11.1
Voice services	20.3	18.7	1.6	8.5	76.1	93.5	(17.4)	-18.7
Total	59.6	51.1	8.5	16.7	221.7	224.6	(2.9)	-1.3

IDD	Quarter ended			Year ended		YoY
	31 Dec	30 Sep	31 Dec	31 Dec		% Change
	2005	2005	2004	2005	2004	+/-
IDD minutes (in millions)	195	190	146	728	534	36.3
Singapore total IDD minutes (in millions) ⁽¹⁾	1,199	1,204	1,180	4,775	4,131	15.6
IDD market share (based on minutes)	16.3%	15.8%	12.4%	15.2%	12.9%	-

Note:
(1) Source : IDA

For the quarter, Fixed network services revenue amounted to S\$59.6 million, 17% higher when compared to 4Q04. The increase was mainly driven by a higher increase in revenue from Data and internet services. For the year, revenue from Data and internet services increased 11% or \$14.6 million YoY. This increase was offset by a decrease in Voice services revenue of 19% or S\$17.4 million, resulting in a marginal 1% decrease in the overall Fixed network services revenue for the year.

Data and internet revenue for the quarter amounted to S\$39.3 million and for the year, totaled S\$145.6 million. YoY, this was a 21% increase for the quarter and 11% increase for the year. Much of this increase was attributed to the growth in the domestic leased circuits, which recorded a 23% increase.

The higher IDD traffic in 3Q05 continued to hold in 4Q05. Voice services revenue for the quarter amounted to S\$20.3 million, similar to the level in 3Q05. For the year, Voice services revenue at S\$76.1 million was S\$17.4 million lower than a year ago. The higher retail IDD revenue was offset by lower in-payments from international carriers and the de-emphasis of the international voice transit business from our Fixed network services portfolio.

For the year, our IDD traffic volume increased 36% YoY to 728 million minutes, accounting for 15.2% of the Singapore IDD market.

Hubbing (Multi-Service Households)

Hubbing Metrics	As at			YoY
	31 Dec 2005	30 Sep 2005	31 Dec 2004	% Change +/-
Total Singapore occupied homes (in thousands, estimated) ⁽¹⁾	1,079	1,059	1,059	1.9
Total households with at least one service of post-paid mobile, cable TV and/or broadband services (in thousands)	711	698	674	5.6
Percentage of total households which subscribe to any two services	32.3%	31.8%	30.8%	1.5 pts
Percentage of total households which subscribe to any three services	15.1%	14.0%	11.6%	3.5 pts
Total households which subscribe to two or more services	47.4%	45.8%	42.4%	5.0 pts

Note:

(1) Source: TV Establishment Survey 2004 & 2003, AGB Nielsen Media Research for 2005 and 2004 information respectively

As at 31 December 2005, total households that subscribed to at least one StarHub service stood at 711K, an increase of 5.6% from 674K as at 31 December 2004.

In conjunction with the year-end festive season, during the quarter, attractive hubbing promotions and offers were advertised to attract customers to our hubbing services of Mobile, Cable TV and Broadband. We also highlighted the benefits of our Hub Club membership targeting the dual service customers to simply add on a third service to enjoy the exclusive privileges as Hub Club members.

As a result, 13K households were added to our entire Hubbing base, bringing the base of households with at least one hubbing service to a total of 711K as at 31 December 2005. Hubbing households that subscribe to two or more of our services increased 18% YoY to a total of 337K households. This represented 47.4% of the hubbing household base as compared to 42.4% a year ago.

Operating expenses

Operating expenses	Quarter ended 31 Dec				Year ended 31 Dec			
	2005 S\$m	2004 S\$m	Change (+/-) S\$m %		2005 S\$m	2004 S\$m	Change (+/-) S\$m %	
	(Restated)				(Restated)			
Cost of sales	127.7	121.6	(6.1)	-5.0	495.4	460.1	(35.3)	-7.7
Other operating expenses	219.8	240.9	21.1	8.8	819.0	912.8	93.7	10.3
Total	347.5	362.5	15.1	4.2	1,314.4	1,372.9	58.4	4.3

Total operating expenses decreased 4% for the quarter and for the year. Total operating expenses for the quarter amounted to S\$347.5 million and for the year, amounted to S\$1,314.4 million. Cost of sales component in total operating expenses increased 5% for the quarter and 8% for the year as business volume and revenue increased during the year. These increases were offset by YoY decreases in other operating expenses mainly due to lower depreciation and amortisation expenses.

Excluding the impact of the depreciation rates and goodwill accounting policy changes which amounted to S\$18.6 million for the quarter and S\$96.6 million for the full year, the Group's total operating expenses would have increased YoY by 1% for the quarter and 3% for the year.

Cost of sales

Cost of sales	Quarter ended 31 Dec				Year ended 31 Dec			
	2005 S\$m	2004 S\$m	Change (+/-) S\$m %		2005 S\$m	2004 S\$m	Change (+/-) S\$m %	
Cost of equipment sold	46.2	42.7	(3.6)	-8.4	173.4	155.7	(17.8)	-11.4
Cost of services	35.3	32.5	(2.8)	-8.6	143.4	131.6	(11.8)	-9.0
Traffic expenses	46.2	46.5	0.3	0.7	178.6	172.9	(5.7)	-3.3
Total	127.7	121.6	(6.1)	-5.0	495.4	460.1	(35.3)	-7.7

For the quarter, total cost of sales amounted to S\$127.7 million, 5% higher than that in 4Q04. For the year, total cost of sales at \$495.4 million was 8% higher than a year ago. The YoY increases for the quarter and the year were mainly due to increases in the cost of equipment sold and cost of services components in total cost of sales.

For the quarter, cost of equipment sold amounted to S\$46.2 million and for the year, S\$173.4 million. Compared to the same periods last year, this was a YoY increase of 8% for the quarter and 11% for the year. The increases were due to the higher volume of handsets sold for the quarter and year.

YoY, cost of services increased 9% to S\$35.3 million for the quarter and S\$143.4 million for the year. The increase was primarily due to higher programming costs as the Cable TV subscriber base increased. There were also additional content costs on the mobile data platform.

For the quarter, traffic expenses were maintained at S\$46.2 million, and for the year there was an increase of 3% to S\$178.6 million. The increase for the year was attributable to the higher data and roaming traffic delivered over the networks.

Other operating expenses

Other operating expenses	Quarter ended 31 Dec				Year ended 31 Dec			
	2005	2004	Change (+/-)		2005	2004	Change (+/-)	
	S\$m	S\$m	S\$m	%	S\$m	S\$m	S\$m	%
	(Restated)				(Restated)			
Staff costs	54.6	50.5	(4.1)	-8.1	217.0	194.5	(22.4)	-11.5
Operating lease	28.1	29.8	1.7	5.6	115.2	120.4	5.2	4.3
Marketing and promotion	51.5	35.8	(15.7)	-43.9	151.2	121.6	(29.6)	-24.3
Allowance for doubtful debts	(2.3)	0.5	2.8	nm	7.6	19.4	11.8	60.7
Repair and maintenance	16.7	13.7	(3.1)	-22.5	61.9	52.9	(9.0)	-17.0
Other expenses	21.3	20.4	(0.9)	-4.4	62.3	64.3	1.9	3.0
Sub total	170.0	150.7	(19.3)	-12.8	615.2	573.2	(42.1)	-7.3
Depreciation and amortisation	49.8	90.2	40.4	44.8	203.8	339.6	135.8	40.0
Total	219.8	240.9	21.1	8.8	819.0	912.8	93.7	10.3

The Group's other operating expenses were 9% lower at S\$219.8 million for the quarter and 10% lower at S\$819.0 million for the year.

Depreciation and amortisation

As mentioned in Section 10, the Group revised the useful lives of certain of its network assets from 5 years to 8 years. This has the effect of reducing the depreciation expenses by S\$14.1 million for the quarter and S\$78.7 million for the year. In addition, the new accounting standard for goodwill acquired in business combination no longer allow for goodwill to be amortised. This has the effect of lowering the amortisation expenses by S\$4.5 million for the quarter and S\$17.9 million for the year. The combined impact of these changes on depreciation and amortisation expenses was a total impact of S\$18.6 million for the quarter and S\$96.6 million for the year. During the year, there were also certain fixed assets that became fully depreciated at the end of 1Q05 which resulted in a further reduction in the depreciation expenses for the quarter and the year. YoY, depreciation and amortisation expenses decreased 45% for the quarter and 40% for the year.

Staff Costs

YoY, staff costs for the quarter increased 8% to S\$54.6 million and for the year increased 12% to S\$217.0 million. Higher headcount to support the increased business volume, higher provisions for bonuses and sales commissions, and higher share-based expenses contributed mainly to the increase. However, the ratio of staff costs as a percentage of operating revenue was an improvement at 13.8% in 2005 compared to 14.4% in 2004.

Marketing and Promotion Expenses

Compared to last year, marketing and promotion expenses for the quarter at S\$51.5 million was 44% higher, and for the year at S\$151.2 million was 24% higher. As mentioned in our 3Q05 results announcement, marketing and promotion expenses for the 4th quarter were expected to be higher from additional one-off expenses for the i-mode launch and the Pre-paid mobile registration exercise that began in November. These, together with the higher customer acquisition and retention activities over an enlarged customer base were the main contributing factors for the increased marketing and promotion expenses this year. Marketing and promotion expenses, as a percentage of operating revenue this year was at 9.6% compared to 9.0% for 2004.

Provision for Doubtful Debts

For the year ended 31 December 2005, allowance for doubtful debts comprised 0.5% of our service revenue as compared to 1.5% in 2004. The lower provision was possible as the aging of our customer receivables improved through various measures taken which included better credit control, increased collection efforts, and the availability of a wide choice of payment modes to facilitate customers payments of their bills.

Repair and maintenance

During the quarter, repair and maintenance expenses increased S\$3.1 million to S\$16.7 million, and for the year increased S\$9.0 million YoY to S\$61.9 million. This was due to higher repair and maintenance required for our network, operational support infrastructure and IT systems. For the year, the ratio of repair and maintenance expenses at 3.9% of operating revenue was at similar level as last year.

Other expenses

Other expenses for the quarter amounted to S\$21.3 million, and for the year amounted to S\$62.3 million. Included in other expenses for 2005 were higher provision made for stock obsolescence, while there was a write-off of certain plant and equipment in 2004.

Liquidity and Capital Resources

	Quarter ended 31 Dec				Year ended 31 Dec			
	2005 S\$m	2004 S\$m	Change (+/-) S\$m	%	2005 S\$m	2004 S\$m	Change (+/-) S\$m	%
	(Restated)				(Restated)			
Profit/(Loss) before tax	65.7	(4.7)	70.4	nm	248.3	(30.3)	278.6	nm
Non-cash items & net interest expense adjustments	55.5	108.6	(53.1)	-48.9	226.7	375.8	(149.1)	-39.7
Net change in working capital	(4.6)	(25.1)	20.5	81.6	29.6	(7.1)	36.6	nm
Net cash provided by operating activities	116.5	78.7	37.8	48.0	504.6	338.5	166.1	49.1
Net cash used in investing activities	(33.7)	(77.6)	43.9	56.6	(243.5)	(219.9)	(23.6)	-10.7
Net cash used in financing activities	(129.1)	(32.1)	(97.1)	@	(213.3)	(65.7)	(147.5)	-224.5
Net change in cash and cash equivalents	(46.3)	(31.0)	(15.3)	-49.4	47.8	52.8	(5.0)	-9.5
Cash and cash equivalents at beginning of the period	220.8	157.7	63.1	40.1	126.7	73.8	52.8	71.6
Cash and cash equivalents at end of the period	174.5	126.7	47.8	37.8	174.5	126.7	47.8	37.8
Free Cash Flow ⁽¹⁾	81.4	0.3	81.0	@	256.9	117.9	139.0	117.9
Fixed Assets Additions	71.1	94.1	(23.0)	-24.4	236.8	246.4	(9.5)	-3.9

Note:

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

For the quarter, cash flow generated from operations before working capital changes amounted to S\$121.1 million, 17% higher than 4Q04. For the year, this amounted to S\$475.0 million, an increase of S\$129.5 million or 37% higher than that in 2004, mainly due to the higher EBITDA in 2005.

Working capital change for the quarter was a small negative change of S\$4.6 million as compared to the negative S\$25.1 million in 4Q04. For the year, in 2005, there was a net positive change in working capital of S\$29.6 million compared to a negative change of S\$7.1 million in 2004. The net positive working capital change was due to an increase in trade payables and accruals in 2005.

Consequently, the Group generated 48% higher net operating cash flow for the quarter, amounting to S\$116.5 million, and for the year, 49% higher net operating cash flow amounting to S\$504.6 million, which was an increase of S\$166.1 million YoY.

The strong cash flow generated from operations was sufficient to fund the capital expenditure of S\$35.2 million for the quarter and S\$247.7 million for the year. With that, the free cash flow for the quarter amounted to S\$81.4 million, S\$81.0 million higher than 4Q04. For the full year, free cash flow at S\$256.9 million was 118% higher than the S\$117.9 million in 2004.

During the quarter, net cash used in financing activities amounted to S\$129.1 million. The Group made its second interim dividend payment of 2.5 cents per share in November, amounting to a total of S\$53.4 million. In December, the Group also made a scheduled installment payment of its long-term debts amounting to \$73.5 million. These factors contributed to the higher net cash used in financing activities for the quarter of S\$97.1 million. For the year, net cash used for financing activities amounted to S\$213.3 million mainly due to a total of S\$138.7 million made for interim dividend payments for FY2005 and a total net loans repayment of S\$76.5 million during the year. YoY, the increased net cash used for financing activities in 2005 was mainly attributable to dividend payments starting FY2005.

Consequently for 4Q05, the Group's cash and cash equivalents of S\$220.8 million as at 30 September 2005 was reduced by S\$46.3 million. Overall for the year, the Group had a positive net change in cash and cash equivalent of S\$47.8 million; resulting in a closing cash balance of S\$174.5 million as at 31 December 2005, up from S\$126.7 million as at 31 December 2004.

Capital Expenditure and Commitments

Capital expenditure for the quarter amounted to S\$35.2 million, lower than the S\$78.4 million in 4Q04. The lower cash outflow this quarter was due to lower payment obligations becoming due as a result of the timing and terms of the capital expenditure programs which included later commencement dates and extended schedules depending on the size of the projects.

For the year, the Group's capital expenditures amounted to S\$247.7 million, 12% higher than last year. This included S\$52.3 million of 3G network equipment payments during the year. As a percentage of operating revenue, however, the Group's capital expenditures at 15.8% were lower than that of last year of 16.3%.

As at 31 December 2005, the Group has outstanding capital expenditure commitments amounting to S\$107.9 million, which relate mainly to capacity expansion of its various networks and IT systems.

Gearing

The Group's net debt to equity ratio was 0.07 as at 31 December 2005, compared to 0.22 a year ago. The ratio has reduced significantly as a result of strong cash flow generated from operations this year.

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

The results for the current quarter are in line with expectation. As mentioned in our 3rd quarter announcement, the quarter saw higher marketing and promotion expenses and a lower EBITDA margin when compared to 3Q.

Group operating revenue for the year registered a 16% YoY increase, and EBITDA margin on service revenue for the year is 31.0%, in line with our guidance statements on operating revenue and EBITDA margin. Capital expenditure, as a percentage of operating revenue for 2005 at 15.8% is in line with our expectation that this ratio is expected to be in the mid-teens.

15. GROUP OUTLOOK

The Group will continue to maximize the underlying earnings growth potential of its various lines of business, which are at different growth cycles in their respective markets.

As at end of December 2005, mobile penetration in Singapore stood at 97.8%. Much of our Mobile growth has been in the Pre-paid market segment. Competition in this segment is expected to continue to increase in intensity. The recent registration exercise on Pre-paid mobile services will likely result in a lower number of Pre-paid subscribers when the registration grace period expires in April 2006 and all unregistered cards will need to be terminated.

In the PayTV market, competition can be expected from new IPTV service providers when they introduce TV services over IP broadband networks. In order that we further strengthen our current position in the market, we will continue to introduce new value added services and content. We have also announced plans to introduce personal video recorders to enhance the Cable TV value proposition.

Based on IDA statistics, household broadband penetration as at end December 2005 stood at 51.9%. We expect that the market will continue to grow as more dial-up subscribers migrate to broadband.

Barring any unforeseen circumstances and changes in market and economic conditions, we expect the year-on-year growth for the Group's 2006 operating revenue to be in the high single-digits. Depending on the line of business mix in growth, growth opportunities available and the intensity of competition, we expect our 2006 EBITDA to expand at around twice the growth rate of our service revenue increase year-on-year.

We will continue to monitor the business demand and scale capital expenditure plans accordingly. Capital expenditure for 2006 is expected to be similar to 2005 with a cash capital expenditure to operating revenue ratio targeted at the mid-teens level.

Capital Management and Dividend Policy

For the year, the Group has made interim dividend payments amounting to 6.5 cents per share. If the proposed final dividend of 2.5 cents per share is approved at the forthcoming annual general meeting, then the total dividends for FY2005 would have amounted to S\$192.1 million, 9.0 cents per share, representing a payout ratio of 87% of net profit.

Barring any unforeseen circumstances, and in view of the Group's current cash position and distributable reserves, coupled with profitability and free cash flow trend, the Group is increasing the minimum level it intends to pay in recurring annual cash dividends to 10.0 cents per share.

The Group will continue to review the adequacy of its balance sheet structure and use of capital, with the objective of achieving long-term capital efficiency and optimising total shareholders' returns. To this end, the Group regularly reviews its capital structure and will make adjustments as necessary to ensure an efficient use of equity capital as appropriate in the context of StarHub's risk profile. In 2006, the Group intends to put in place a capital structure comparable to relevant industry peers.

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**Dividend Policy**

(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\$0.025 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? No

(c) Date payable

The directors have proposed a final dividend of 2.5 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. SHARE PURCHASE MANDATE

The Company will be seeking shareholders' approval for a share purchase mandate at an extraordinary general meeting of the Company to be convened, subject to relevant regulatory authorities' approvals, and will provide further details of this at a later date.

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. The analysis assumed allocations based on the principle of emulating, as closely as possible, the fundamentals of each business segment as if each platform is 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 2005

Network Platforms	Fixed S\$m	Mobile S\$m	Cable S\$m	Elimination S\$m	Total S\$m
Total revenue	83.4	237.0	120.3	(25.6)	415.1
Service revenue	59.6	212.2	119.3		391.1
Sale of equipment	-	24.0	-		24.0
EBITDA	9.4	76.5	31.5	-	117.4
EBITDA as % of service revenue	15.8%	36.1%	26.4%		30.0%

Full year ended 31 December 2005

Network Platforms	Fixed S\$m	Mobile S\$m	Cable S\$m	Elimination S\$m	Total S\$m
Total revenue	309.9	912.5	443.0	(94.6)	1,570.7
Service revenue	221.7	821.6	439.6		1,483.0
Sale of equipment	-	87.8	-		87.8
EBITDA	13.1	342.2	104.7	-	460.1
EBITDA as % of service revenue	5.9%	41.7%	23.8%		31.0%

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

1. SEGMENT REPORTING

2005

	Telco ⁽¹⁾ S\$m	Cable TV and Broadband S\$m	Others S\$m	Elimination S\$m	Total S\$m
Revenue and expenses					
Revenue	1,115.9	439.6	15.2	-	1,570.7
Inter-segment revenue	47.9	3.4	1.0	(52.2)	-
Total revenue	1,163.8	443.0	16.2	(52.2)	1,570.7
Segment results	225.0	30.1	1.2	-	256.3
Interest income					3.9
Interest on borrowings					(11.9)
Profit before taxation					248.3
Taxation					(26.9)
Net profit for the year					221.4
Assets and liabilities					
Segment assets	1,058.8	470.4	9.8	(66.8)	1,472.2
Loan receivable	258.5	-	22.0	(280.5)	-
Allocated assets					1,472.2
Unallocated assets					368.2
Total assets					1,840.4
Segment liabilities	434.2	219.9	1.8	(66.8)	589.1
Interest-bearing borrowings	17.0	506.5	-	(280.5)	243.0
Allocated liabilities					832.1
Unallocated liabilities					31.4
Total liabilities					863.5
Other segment information					
Fixed assets additions	167.3	69.5	0.1	(0.1)	236.8
Depreciation	114.5	70.0	0.4	-	184.9
Amortisation	18.2	5.0	-	-	23.2
Provisions	3.8	4.5	-	-	8.4

Note:

(1) Telco refers to Telecommunications

1. SEGMENT REPORTING (CONT'D)

2004 (Restated)

	Telco ⁽¹⁾ S\$m	Cable TV and Broadband S\$m	Others S\$m	Elimination S\$m	Total S\$m
Revenue and expenses					
Revenue	996.5	349.6	9.1	-	1,355.2
Inter-segment revenue	36.7	1.0	1.6	(39.3)	-
Total revenue	1,033.2	350.6	10.8	(39.3)	1,355.2
Segment results	29.5	(33.8)	5.4	-	1.1
Amortisation of goodwill					(17.9)
Interest income					0.8
Interest on borrowings					(14.4)
Loss before taxation					(30.3)
Taxation					(24.4)
Net loss for the year					(54.7)
Assets and liabilities					
Segment assets	975.9	471.1	8.5	(76.4)	1,379.0
Loan receivable	180.5	-	22.0	(202.5)	-
Allocated assets					1,379.0
Unallocated assets					363.7
Total assets					1,742.7
Segment liabilities	416.3	222.6	2.2	(76.4)	564.8
Interest-bearing borrowings	-	522.0	-	(202.5)	319.5
Total liabilities					884.3
Other segment information					
Fixed assets additions	191.1	57.0	0.6	(2.4)	246.4
Depreciation	208.9	73.4	1.4	-	283.7
Amortisation (excluding goodwill)	39.2	3.5	-	-	42.7
Provisions	5.9	6.6	(0.1)	-	12.4

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

	Year ended 31 Dec			
	2005 S\$m	2004 S\$m	Change (+/-) S\$m %	
	(Restated)			
Operating revenue reported for first half year	757.4	654.5	102.8	15.7
Operating profit/(loss) after tax before deducting minority interests reported for first half year	83.1	(46.6)	129.7	nm
Operating revenue reported for second half year	813.4	700.7	112.7	16.1
Operating profit/(loss) after tax before deducting minority interests reported for second half year	138.3	(8.1)	146.4	nm

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

	Year ended 31 Dec	
	2005 S\$m	2004 S\$m
Ordinary shares	192.1	-
Preference shares	-	-
Total Annual Dividend	192.1	-

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 2005 S\$m
Transactions for the Sales of Goods & Services	
Chartered Semiconductor Manufacturing Ltd & its associates	0.2
Capitaland Limited & its associates	0.3
Pacific Internet Limited & its associates	1.6
PT Indosat Tbk & its associates	1.4
Singapore Computer Systems Limited & its associates	0.1
Singapore Telecommunications Limited & its associates	34.3
TeleChoice International Limited & its associates	0.3
Temasek Holdings (Private) Limited & its associates	9.4
	47.6
Transactions for the Purchase of Goods & Services	
Global Crossing Limited & its associates	0.7
Neptune Orient Lines Limited & its associates	0.6
PT Indosat Tbk & its associates	9.1
Singapore Computer Systems Limited & its associates	5.5
Singapore Power Limited & its associates	25.5
Singapore Telecommunications Limited & its associates	77.9
SMRT Corporation Ltd & its associates	0.3
SNP Corporation Limited & its associates	5.4
STT Communications Ltd & its associates	1.2
TeleChoice International Limited & its associates	150.0
Temasek Holdings (Private) Limited & its associates	12.4
	288.5

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 2005.



KPMG
16 Raffles Quay #22-00
Hong Leong Building
Singapore 048581

Telephone +65 6213 3388
Fax +65 6225 0984
Internet www.kpmg.com.sg

Report of the Auditors to the Members of StarHub Ltd

We have audited the accompanying financial statements of StarHub Ltd for the year ended 31 December 2005 as set out on pages FS2 to FS50. These financial statements are the responsibility of the Company's directors. 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 plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the consolidated financial statements of the Group and the balance sheet, profit and loss account and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (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 2005 and of the results, changes in equity and cash flows of the Group and of the results and changes in equity of the Company 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
Certified Public Accountants

Singapore

23 February 2006