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STARHUB LTD

Announcement of Audited Results for the Full Year ended 31 December 2006

StarHub is pleased to announce our results for the fourth quarter and full year ended 31 December 2006.

Results for the Fourth Quarter and Full Year ended 31 December 2006

1. GROUP PROFIT AND LOSS STATEMENT

	Quarter ended 31 Dec			Year ended 31 Dec		
	2006 S\$m	2005 S\$m	% Change +/-	2006 S\$m	2005 S\$m	% Change +/-
Operating revenue	473.2	415.1	14.0	1,804.8	1,570.7	14.9
Operating expenses	(384.1)	(347.5)	-10.5	(1,443.4)	(1,314.4)	-9.8
Profit from operations	89.1	67.6	31.8	361.4	256.3	41.0
Interest income	0.8	1.4	-38.3	5.7	3.9	43.7
Interest on borrowings	(6.1)	(3.3)	-83.6	(14.4)	(11.9)	-21.0
Profit before taxation	83.9	65.7	27.8	352.6	248.3	42.0
Taxation	57.8	7.6	@	7.6	(26.9)	nm
Profit after taxation	141.7	73.3	93.3	360.2	221.4	62.7
Attributable to:						
Shareholders of the company	141.7	73.3	93.3	360.2	221.4	62.7
Minority interests	-	-	-	-	-	-
	141.7	73.3	93.3	360.2	221.4	62.7
EBITDA	146.0	117.4	24.4	575.3	460.1	25.0
EBITDA as a % of service revenue	32.6%	30.0%	2.6 pts	33.6%	31.0%	2.6 pts
Free Cash Flow ⁽¹⁾	54.5	81.4	-33.1	333.9	256.9	30.0
<i>Profit from operations is arrived after charging the following:</i>						
<i>Depreciation and amortisation (net of asset grant)</i>	<i>54.0</i>	<i>49.8</i>	<i>-8.5</i>	<i>211.0</i>	<i>203.8</i>	<i>-3.6</i>

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

2. BALANCE SHEETS

	Group		Company	
	31 Dec 06 S\$m	31 Dec 05 S\$m	31 Dec 06 S\$m	31 Dec 05 S\$m
Non-current assets				
Property, plant and equipment	919.5	957.4	273.7	278.8
Intangible assets	339.7	327.6	36.3	13.5
Investments in subsidiaries	-	-	1,162.0	1,063.2
Deferred tax assets	165.4	145.0	99.3	119.7
Amounts due from subsidiaries	-	-	-	103.2
	1,424.7	1,430.1	1,571.3	1,578.6
Current assets				
Inventories	13.0	13.1	3.8	9.1
Trade receivables	111.5	99.3	78.1	63.9
Other receivables, deposits and prepayments	108.3	106.2	42.1	39.8
Balances with related parties	18.9	17.2	984.9	545.4
Cash and bank balances	50.2	174.5	39.8	156.7
	301.9	410.3	1,148.7	814.9
Current liabilities				
Trade payables and accruals	334.9	325.2	184.5	201.3
Other payables and provisions	155.0	178.7	48.2	88.7
Balances with related parties	53.4	63.5	276.0	84.4
Bank loans	-	110.5	-	17.0
	543.3	677.8	508.7	391.4
Net current assets/(liabilities)	(241.4)	(267.4)	640.0	423.4
Non-current liabilities				
Bank loans	633.0	132.5	633.0	-
Deferred income	18.6	21.8	-	-
Deferred tax liabilities	44.2	31.4	-	-
Net assets	487.5	976.9	1,578.2	2,002.0
Share capital	236.4	854.8	236.4	854.8
Reserves	251.1	122.1	1,341.8	1,147.2
Total equity	487.5	976.9	1,578.2	2,002.0

3. GROUP CASH FLOW STATEMENT

	Quarter ended		Year ended	
	31 Dec		31 Dec	
	2006	2005	2006	2005
	S\$m	S\$m	S\$m	S\$m
Operating Activities				
Profit before taxation	83.9	65.7	352.6	248.3
Adjustments for :-				
Provision for charity fund/loyalty programme	4.0	1.8	11.6	8.4
Depreciation and amortisation (net of asset grant)	54.0	49.8	211.0	203.8
Impairment loss/write down on property, plant & equipment and intangible assets	2.9	-	4.6	-
(Gain)/Loss on disposal/write-off of property, plant & equipment and intangible assets	0.2	0.5	(2.7)	1.0
Net interest expense	5.2	1.9	8.8	8.0
Share-based expenses	1.2	1.4	5.4	5.5
Operating cashflow before working capital changes	151.4	121.1	591.4	475.0
Changes in working capital	(22.5)	(4.6)	(9.8)	29.6
Net cash inflow from operating activities	129.0	116.5	581.5	504.6
Investing Activities				
Proceeds from disposal of property, plant and equipment and intangible assets	2.3	0.1	9.1	0.3
Purchase of property, plant and equipment and intangible assets	(74.5)	(35.2)	(247.6)	(247.7)
Interest received	0.8	1.4	5.8	3.9
Net cash outflow from investing activities	(71.3)	(33.7)	(232.6)	(243.5)
Financing Activities				
Proceeds from issue of shares	2.4	2.7	18.8	16.1
Interest paid	(3.8)	(5.0)	(10.8)	(14.2)
Grants received	0.5	-	0.9	-
Net proceeds from/(repayment of) loans	-	(73.5)	390.0	(76.5)
Dividends paid on ordinary shares	(55.5)	(53.4)	(216.5)	(138.7)
Payment for cancellation of shares on capital reduction	-	-	(655.7)	-
Net cash outflow from financing activities	(56.4)	(129.1)	(473.2)	(213.3)
Net change in cash and cash equivalents	1.2	(46.3)	(124.3)	47.8
Cash and cash equivalents at beginning of the period	49.0	220.8	174.5	126.7
Cash and cash equivalents at end of the period	50.2	174.5	50.2	174.5

4. GROUP UNSECURED BORROWINGS

	31 Dec 06	31 Dec 05
	S\$m	S\$m
Unsecured borrowings		
Amount repayable in one year or less	-	110.5
Amount repayable after one year	633.0	132.5
Total	633.0	243.0

5. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Group		Company	
	2006 S\$m	2005 S\$m	2006 S\$m	2005 S\$m
Share capital				
Balance as at 1 Jan	854.8	847.2	854.8	847.2
Issue of shares under StarHub Share Option Plans	2.1	0.9	2.1	0.9
Transfer from Share Premium to Share Capital ⁽¹⁾	19.1	-	19.1	-
Balance as at 31 Mar	876.0	848.1	876.0	848.1
Issue of shares under StarHub Share Option Plans	9.9	2.4	9.9	2.4
Balance as at 30 Jun	885.8	850.5	885.8	850.5
Issue of shares under StarHub Share Option Plans	3.9	3.0	3.9	3.0
Cancellation of shares from capital reduction	(655.7)	-	(655.7)	-
Balance as at 30 Sep	234.0	853.6	234.0	853.6
Issue of shares under StarHub Share Option Plans	2.4	1.2	2.4	1.2
Balance as at 31 Dec	236.4	854.8	236.4	854.8
Share premium				
Balance as at 1 Jan	18.5	10.0	18.5	10.0
Issue of shares under StarHub Share Option Plans	0.6	1.0	0.6	1.0
Transfer from Share Premium to Share Capital ⁽¹⁾	(19.1)	-	(19.1)	-
Balance as at 31 Mar	-	10.9	-	10.9
Issue of shares under StarHub Share Option Plans	-	2.8	-	2.8
Balance as at 30 Jun	-	13.7	-	13.7
Issue of shares under StarHub Share Option Plans	-	3.3	-	3.3
Balance as at 30 Sep	-	17.0	-	17.0
Issue of shares under StarHub Share Option Plans	-	1.5	-	1.5
Balance as at 31 Dec	-	18.5	-	18.5
Goodwill written off				
Balance as at 1 Jan, 31 Mar, 30 Jun, 30 Sep & 31 Dec	(276.3)	(276.3)	-	-
Merger reserve				
Balance as at 1 Jan, 31 Mar, 30 Jun, 30 Sep & 31 Dec	213.5	213.5	-	-
Capital reserve				
Balance as at 1 Jan, 31 Mar, 30 Jun, 30 Sep & 31 Dec	191.9	191.9	718.8	718.8
Balance c/f	365.5	1,002.4	955.2	1,592.1

Note:

(1) Following the amendments to the Companies Act ("The Companies (Amendment) Act 2005") on 30 January 2006, the concepts of par value and authorized share capital were abolished and any amounts outstanding to the credit of the Company's share premium account shall become part of the Company's share capital. Accordingly, the share premium has been combined into the share capital account. The amount transferred from share premium account as at 30 January 2006 was S\$19.1 million (as at 31 December 2005: S\$18.5 million).

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

	Group		Company	
	2006 S\$m	2005 S\$m	2006 S\$m	2005 S\$m
Balance b/f	365.5	1,002.4	955.2	1,592.1
Share-based payment reserve				
Balance as at 1 Jan	8.5	3.0	8.5	3.0
Share-based expenses	1.5	1.1	1.5	1.1
Balance as at 31 Mar	10.1	4.1	10.1	4.1
Share-based expenses	1.3	1.2	1.3	1.2
Balance as at 30 Jun	11.4	5.3	11.4	5.3
Share-based expenses	1.4	1.8	1.4	1.8
Balance as at 30 Sep	12.8	7.1	12.8	7.1
Share-based expenses	1.2	1.4	1.2	1.4
Balance as at 31 Dec	14.0	8.5	14.0	8.5
Hedging reserve				
Balance as at 1 Jan	1.9	(4.1)	-	-
Effective portion of changes in fair value of cash flow hedge	0.8	-	-	-
Balance as at 31 Mar	2.6	(4.1)	-	-
Effective portion of changes in fair value of cash flow hedge	(0.2)	-	-	-
Balance as at 30 Jun	2.4	(4.1)	-	-
Effective portion of changes in fair value of cash flow hedge	(1.3)	-	-	-
Balance as at 30 Sep	1.1	(4.1)	-	-
Effective portion of changes in fair value of cash flow hedge	(0.9)	5.9	-	-
Balance as at 31 Dec	0.2	1.9	-	-
Balance c/f	379.7	1,012.8	969.2	1,600.6

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

	Group		Company	
	2006 S\$m	2005 S\$m	2006 S\$m	2005 S\$m
Balance b/f	379.7	1,012.8	969.2	1,600.6
Retained profits/(losses)				
Balance as at 1 Jan	(35.9)	(118.6)	401.4	420.2
Net profit/(loss) for the period	61.4	30.4	16.2	(10.4)
Balance as at 31 Mar	25.5	(88.2)	417.6	409.9
Net profit for the period	75.7	52.7	129.5	5.0
Dividends on ordinary shares	(107.1)	-	(107.1)	-
Balance as at 30 Jun	(6.0)	(35.5)	440.0	414.8
Net profit for the period	81.4	65.1	114.2	13.8
Dividends on ordinary shares	(53.9)	(85.3)	(53.9)	(85.3)
Balance as at 30 Sep	21.6	(55.8)	500.4	343.2
Net profit for the period	141.7	73.3	164.2	111.5
Dividends on ordinary shares	(55.5)	(53.4)	(55.5)	(53.4)
Balance as at 31 Dec	107.8	(35.9)	609.0	401.4
Total Equity	487.5	976.9	1,578.2	2,002.0

6. CHANGES IN COMPANY'S SHARE CAPITAL

Share CapitalIssue of new shares

For the period between 1 October 2006 and 31 December 2006, the Company issued 2,282,973 ordinary shares upon the exercise of options by participants pursuant to the Company's share option plans at exercise prices ranging from S\$0.88 to S\$1.52 per ordinary share.

For the year ended 31 December 2006, the Company issued a total of 21,142,213 ordinary shares (2005 : 19,040,719) upon the exercise of options by participants pursuant to the Company's share option plans at exercise prices ranging from S\$0.48 to S\$1.52.

Capital Reduction

During the year, the company carried out a capital reduction exercise, which became effective on 5 September 2006. A total of S\$656 million was returned to shareholders, and a total of 308 million shares were cancelled from the outstanding number of issued shares in the Company as at the Books Closure Date on 5 September 2006. Consequently, the Company's outstanding share capital as at 31 December 2006 is reduced to S\$236.4 million compared to S\$854.8 million as at 31 December 2005.

Outstanding Shares – Employees’ Share-Based Plans

Share Option Plans

As at 31 December 2006, outstanding unexercised options granted pursuant to the Company’s share option plans totaled 25,759,748 (31 December 2005 : 49,348,952). This represents 1.4% of total issued shares in the capital of the Company.

Performance Share Plan

Under the StarHub Performance Share Plan, as at 31 December 2006, there were conditional awards in respect of 3,435,000 (31 December 2005 : 2,555,000) ordinary shares, assuming that each grants achieved the “Target” level of performance for the various key performance indicators set over a 3-year performance period.

Restricted Stock Plan

Similarly, under the StarHub Restricted Stock Plan, there were conditional awards in respect of 1,942,000 ordinary shares as at 31 December 2006 (31 December 2005 : Nil). These awards are conditional upon the grant achieving a “Target” level of performance for the various key performance indicators set over a 2-year performance period.

7. AUDIT

The 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 has applied the same accounting policies and method of computation as in the most recent audited financial statements for the year ended 31 December 2005.

10. CHANGES IN ACCOUNTING POLICIES AND ESTIMATES

Not applicable.

11. GROUP EARNINGS / (LOSS) PER ORDINARY SHARE

	Quarter ended 31 Dec		Year ended 31 Dec	
	2006	2005	2006	2005
Basic	7.66 cents	3.43 cents	17.60 cents	10.41 cents
Diluted	7.60 cents	3.40 cents	17.42 cents	10.30 cents

12. NET ASSET VALUE PER ORDINARY SHARE

	Group		Company	
	31 Dec 2006	31 Dec 2005	31 Dec 2006	31 Dec 2005
Net asset value per share	26.3 cents	45.7 cents	85.3 cents	93.7 cents

13. REVIEW OF GROUP PERFORMANCE

	Quarter ended 31 Dec				Year ended 31 Dec			
	2006 S\$m	2005 S\$m	Change (+/-) S\$m	%	2006 S\$m	2005 S\$m	Change (+/-) S\$m	%
Operating revenue	473.2	415.1	58.1	14.0	1,804.8	1,570.7	234.0	14.9
Profit from operations	89.1	67.6	21.5	31.8	361.4	256.3	105.1	41.0
Interest income	0.8	1.4	(0.5)	-38.3	5.7	3.9	1.7	43.7
Interest on borrowings	(6.1)	(3.3)	(2.8)	-83.6	(14.4)	(11.9)	(2.5)	-21.0
Profit before taxation	83.9	65.7	18.2	27.8	352.6	248.3	104.3	42.0
Taxation	57.8	7.6	50.2	@	7.6	(26.9)	34.5	nm
Profit after taxation	141.7	73.3	68.4	93.3	360.2	221.4	138.8	62.7
EBITDA	146.0	117.4	28.6	24.4	575.3	460.1	115.2	25.0
EBITDA as a % of service revenue	32.6%	30.0%	2.6 pts	-	33.6%	31.0%	2.6 pts	-
Free cash flow	54.5	81.4	(26.9)	-33.1	333.9	256.9	77.0	30.0

Results for the period ended 31 December 2006

Compared to the corresponding periods last year, Group operating revenue for the quarter was 14% higher year-on-year (YoY) at S\$473.2 million, and for the year, increased 15% YoY to S\$1,804.8 million. All lines of business contributed to the revenue increase, with Broadband revenue registering the highest revenue growth YoY at 19% for the quarter and 24% for the full year period.

Driven by the continued strong revenue performance and a lower increase in variable costs of sales and cash operating expenses, EBITDA in 4Q06 was higher by S\$28.6 million or 24% YoY at S\$146.0 million, and for the year, EBITDA increased S\$115.2 million or 25% YoY to S\$575.3 million. EBITDA margin, as a percentage of service revenue, expanded 2.6% points to 32.6% for the quarter and for the year, EBITDA margin was higher at 33.6% compared to 31.0% a year ago.

The increased EBITDA performance, offset by marginal increases in depreciation and amortisation resulted in profit from operations increasing S\$21.5 million or 32% YoY to S\$89.1 million for the quarter, and for the year, was S\$105.1 million or 41% higher YoY at S\$361.4 million.

In the quarter, interest income was lower at S\$0.8 million while interest expenses increased 84% YoY to S\$6.1 million. The net higher interest expense was due to higher bank loans balances outstanding as at 31 December 2006. New bank loans were taken by the Group in September to provide funding for the subsidiaries' operations, which were previously financed through intra-group lending of surplus cash generated from the Group's operations. In addition, the Group's cash balance was further reduced when the Group made payment for its capital reduction exercise on 15 September 2006. For the year, the net interest expense amounted to S\$8.7 million, an increase of 10% YoY when compared to S\$8.0 million in 2005 as a result of an average higher net debt position in the year.

In 2006, the Group has a tax credit of S\$7.6 million compared to a tax expense of S\$26.9 million in 2005. The Group accounted for a total tax credit adjustment of S\$77.2 million, which arose from the recognition of the remaining deferred tax assets in a subsidiary and adjustments made to the deferred tax position of the Group as the Group elected the group tax relief provisions permitted by the Inland Revenue Authority. As a result, taxation for the quarter was a net credit of S\$57.8 million after offsetting the tax expense provision made for the taxable profits generated in the current period. Excluding the deferred tax adjustments, the Group's effective tax rate for the year was at approximately 20%.

Consequently, profit after taxation for quarter was S\$68.4 million or 93% higher YoY at S\$141.7 million. For the year, profit after taxation amounted to S\$360.2 million, S\$138.8 million or 63% higher YoY when compared to S\$221.4 million in 2005.

For the quarter, despite the higher cash flow generated from operations, free cash flow was S\$26.9 million lower at S\$54.5 million when compared to S\$81.4 million in 4Q05. This was due to higher capex payments made in the quarter. For the year, the Group's free cash flow increased by S\$77.0 million or 30% higher YoY at S\$333.9 million as a result of the higher cash flow generated from operations due to the stronger EBITDA performance, while maintaining capital expenditure payments for the year at approximately the same level as in 2005.

Operating Revenue

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

	Quarter ended 31 Dec				Year ended 31 Dec			
	2006 S\$m	2005 S\$m	Change (+/-) S\$m %		2006 S\$m	2005 S\$m	Change (+/-) S\$m %	
Operating revenue								
Mobile revenue	240.9	212.2	28.7	13.5	919.1	821.6	97.5	11.9
Cable TV revenue	79.2	70.2	9.0	12.8	313.2	262.4	50.8	19.4
Broadband revenue	58.2	49.0	9.2	18.8	219.9	177.2	42.7	24.1
Fixed network services revenue	70.1	59.6	10.5	17.5	259.5	221.7	37.8	17.0
Total service revenue	448.4	391.1	57.4	14.7	1,711.7	1,483.0	228.7	15.4
Sale of equipment	24.7	24.0	0.8	3.2	93.1	87.8	5.3	6.1
Total	473.2	415.1	58.1	14.0	1,804.8	1,570.7	234.0	14.9

	Quarter ended 31 Dec		Year ended 31 Dec	
	2006 Mix %	2005 Mix %	2006 Mix %	2005 Mix %
Operating revenue mix				
Mobile revenue	50.9	51.1	50.9	52.3
Cable TV revenue	16.7	16.9	17.4	16.7
Broadband revenue	12.3	11.8	12.2	11.3
Fixed network services revenue	14.8	14.4	14.4	14.1
Sale of equipment	5.2	5.8	5.2	5.6
Total	100.0	100.0	100.0	100.0

For the quarter and full year ended 31 December 2006, the Group's total service revenue grew 15% YoY to S\$448.4 million and S\$1,711.7 million respectively. Revenue growth momentum continued to be strong in the double-digits range for each line of business despite a more competitive market place and increasingly penetrated market for both Mobile and Broadband in 2006. For the year, Broadband continued to be our fastest growing line of business and for the year recorded a 24% YoY increase in revenue at S\$219.9 million. For Mobile, our largest revenue segment at 51% of the group service revenue mix, continued to maintain its revenue growth momentum for the quarter and for the year despite the extremely high penetration rate in the Mobile market of close to 100% in 2006. For the year, our Mobile recorded a 12% increase in revenue YoY at S\$919.1 million and for the quarter, increased 14% YoY to S\$240.9 million. Fixed network services revenue recorded a 17% increase YoY for both the quarter and the year, driven mainly by the strong demand for Data services. For the quarter, Cable TV revenue continued to maintain steady at S\$79.2 million, reflecting a 13% increase YoY. For the year, Cable TV revenue at S\$313.2 million recorded an increase of 19% YoY due to higher subscription revenue in 1H06 as a result of the 2006 World Cup season.

Revenue from equipment sales for the quarter was 3% higher YoY at S\$24.7 million and for the full year, increased 6% YoY to S\$93.1 million. Increases in equipment revenue were mainly due to higher unit selling prices for the handsets sales.

Mobile Service Revenue

	Quarter ended 31 Dec				Year ended 31 Dec			
	2006	2005	Change (+/-)		2006	2005	Change (+/-)	
Mobile revenue	S\$m	S\$m	S\$m	%	S\$m	S\$m	S\$m	%
Post-paid	181.5	170.0	11.5	6.7	704.3	661.9	42.4	6.4
Pre-paid	59.4	42.2	17.2	40.9	214.8	159.7	55.1	34.5
Total	240.9	212.2	28.7	13.5	919.1	821.6	97.5	11.9

	Quarter ended			Year ended		YoY
	31 Dec	30 Sep	31 Dec	31 Dec	2005	% Change
Mobile Key Drivers	2006	2006	2005	2006	2005	+/-
Number of mobile customers (in thousands)						
Post-paid	787	779	755	787	755	4.2
Pre-paid	749	688	636	749	636	17.7
Total	1,536	1,467	1,392	1,536	1,392	10.4
Monthly minutes of use per active customer						
Post-paid	551	546	559	543	566	-3.9
Pre-paid	302	288	148	259	114	127.0
Average monthly SMS per user (originating)	152	150	109	148	105	41.2
Total MMS traffic (in millions)	3.5	3.5	3.6	14.4	14.6	-1.1
Total GPRS traffic (in GBytes)	1,485.8	1,233.4	692.0	4,468.2	2,747.6	62.6
ARPU with IDD included (S\$ per month)						
Post-paid	72	71	71	71	71	-0.7
Pre-paid	27	29	22	27	23	13.2
Non-voice service as a contribution to ARPU						
Post-paid	20.6%	20.3%	18.0%	20.2%	17.7%	-
Pre-paid	11.7%	11.2%	11.9%	11.5%	11.8%	-
Average acquisition cost per gross connection (S\$)	106	89	105	99	107	7.9
Average monthly churn rate (post-paid)	1.1%	1.0%	0.9%	1.1%	0.9%	-
Singapore mobile penetration ⁽¹⁾	103.4%	98.5%	97.8%	103.4%	97.8%	-
Market Share	33.1%	33.2%	32.7%	33.1%	32.7%	-

Note:

(1) Source : IDA

For the quarter, Mobile service revenue increased 14% YoY to S\$240.9 million and was 12% higher YoY at S\$919.1 million for the year. The increase in revenue during the year continued to be driven by both the Pre-paid and Post-paid mobile segments. Post-paid revenue comprised 77% of the mobile revenue mix with Pre-paid making up the balance 23% at S\$214.8 million for the year.

The overall Mobile customer base as at 31 December 2006 stood at 1.54 million customers, 10% higher than last year's 1.39 million customers. In the quarter, we had 69K customer net-adds, of which 61K or 88% were from the Pre-paid segment. As at 31 December 2006, our customers' base comprised 51% Post-paid and 49% Pre-paid customers.

Based on the IDA statistics, at end December 2006, our mobile market share is estimated to be 33.1%.

Post-paid mobile services

For the current periods, our Post-paid mobile services revenue continued its steady increase at around 7% YoY to S\$181.5 million for 4Q06, and to S\$704.3 million for the year. This growth is driven by a 4% increase in the Post-paid customer base and a steady ARPU of around S\$71.

In the quarter, we added 7.7K net Post-paid subscribers and for the year, a total of 32K customers were added. Compared to last year, the net additions for the quarter and year have decreased reflecting the more penetrated market. Churn is also driven higher to 1.1% average monthly rate compared to 0.9% rate last year. As a result, our Post-paid customer base was 4% higher YoY at 787.0K subscribers as at 31 December 2006 compared to 755.2K subscribers a year ago.

Based on the IDA statistics as at end December 2006, our Post-paid market share stood at 27.7%, and we took 30.6% of the total Post-paid market net adds in Singapore.

For the quarter, our Post-paid ARPU was higher at S\$72 driven by higher roaming and IDD usages and a marginal increase in the mix of higher subscription price plans. The higher ARPU also translate to a higher average monthly minutes of use (MOU) for the quarter at 551 minutes. For the year, average MOU is lower at 543 minutes compared to 566 minutes last year due to lower free incoming MOU per subscriber, which has no impact on ARPU.

In 4Q06, more new models of 3G handsets were available in the market. This helped to drive the take-up of 3G subscriptions. As at 31 December 2006, our 3G Post-paid subscriber base was 36% higher than 3Q06 at 174.1K and this represents 22% of our total Post-paid mobile subscribers as at year-end 2006.

The increasing trend of more data handsets being purchased by our subscribers had helped drive more data plan subscriptions thereby driving the traffic increase in non-voice services. Non-voice services as a percentage of Post-paid ARPU increased from 18.0% in 4Q05 to 20.6% in 4Q06 with GPRS traffic increasing 117% YoY to 1,406Gbytes for the quarter. For the year, non-voice services as a percentage of Post-paid ARPU increased 2.5% points to 20.2% compared to 17.7% as at 31 December

2005. GPRS traffic was also higher by 64% YoY at 4,186Gbytes, while average monthly originating SMS usage per Post-paid user increased 43% YoY to 185 messages for the year.

Pre-paid mobile services

Our Pre-paid mobile services revenue grew 41% YoY to S\$59.4 million for the quarter and for the year, was S\$55.1 million higher YoY at S\$214.8 million. The increased revenue was driven by higher revenue traffic throughput from a higher Pre-paid customer base.

As at 31 December 2006, our Pre-paid base stood at 749.1K customers, an increase of 18% when compared to the base of 636.4K customers a year ago. For the quarter, net-adds totaled 61K customers, 59% higher than the 38K net adds acquired in 4Q05. This is partly due to the renewed momentum in customer additions as customers become familiarized with the more stringent registration requirements and partly due to our continued efforts to improve our distribution channels and service offering. Based on IDA statistics as at end December 2006, we took 40.7% of the Pre-paid market net additions year-to-date, and continued to maintain our leadership in the Pre-paid market with a market share of 41.8%.

Our Pre-paid ARPU at S\$27 was S\$5 higher for the quarter when compared to 4Q05 and for the year, was S\$4 higher than the average ARPU of S\$23 a year ago. The higher ARPU was driven by an increase in the revenue throughput of the Pre-paid traffic usage. The average MOU per active customer has doubled to 302 minutes per month in the quarter driven by promotional offers of free IDD018 calls to India and special IDD rates to certain other destinations for Pre-paid customers. These promotions and the introduction of the on-demand free incoming call (FIC) feature at S\$0.59 per day had also contributed to the increased revenue throughput of the Pre-paid traffic in the year. For the year, average MOU per active customer increased 127% to 259 minutes per month.

Non-voice service ARPU as a percentage of prepaid ARPU has remained relatively steady at 11.7% for the quarter and 11.5% for the year despite promotional offers of reduced pricing for GPRS services in the year. Total Pre-paid GPRS traffic grew 84% YoY to 80Gbytes for the quarter and increased 43% YoY to 282Gbytes for the year. Short Messaging Services (SMS) continued to be the dominant service for the Pre-paid segment. Pre-paid SMS originating traffic increased 27% YoY for the quarter to 107 messages per active user per month and 44% YoY to 105 messages for the year.

Acquisition Cost

Driven by the year-end festive promotional offers and a more competitive market, average (blended) acquisition costs per gross connection was marginally higher by S\$1 at S\$106 for the quarter. For the year, a higher mix of new Pre-paid service connections, which has a much lower acquisition cost per connection as compared to a Post-paid service connection, resulted in the average acquisition costs per gross connections to be S\$8 lower at S\$99 compared to S\$107 last year.

Cable TV Revenue

	Quarter ended 31 Dec				Year ended 31 Dec			
	2006	2005	Change (+/-)		2006	2005	Change (+/-)	
	S\$m	S\$m	S\$m	%	S\$m	S\$m	S\$m	%
Cable TV revenue	79.2	70.2	9.0	12.8	313.2	262.4	50.8	19.4

Cable TV Key Drivers	Quarter ended			Year ended		YoY
	31 Dec	30 Sep	31 Dec	31 Dec		% Change
	2006	2006	2005	2006	2005	+/-
Number of residential cable TV customers (in thousands)	487	478	448	487	448	8.7
ARPU (S\$ per month)	47	48	47	48	45	6.4
Average monthly churn rate	1.0%	1.1%	1.0%	1.0%	0.9%	-
Percentage of home-passed	99.9%	99.9%	99.9%	99.9%	99.9%	-
StarHub's penetration	43.4%	42.7%	40.1%	43.4%	40.1%	-

For the quarter, Cable TV revenue grew 13% or S\$9.0 million YoY to S\$79.2 million, and for the year, was 19% higher YoY at S\$313.2 million. The increase was driven by an enlarged Cable TV customers' base with a higher mix of digital tier customers and revenue from the 2006 World Cup event during the year.

During the quarter, we had a net add of 9K customers and our ARPU was 70 cents higher YoY at S\$47.4 for the quarter. New channels added and value packages promotions on the digital platform drove the increase in customers and ARPU in the quarter.

As at 31 December 2006, our Cable TV customer's base of 486.7K customers was 9% higher than last year. Digital tier customers now comprised 66% of the Cable TV customer base compared to 44% as at 31 December 2005.

Cable TV ARPU for the year was S\$3 higher at S\$48 driven by the higher digital subscribers as well as the added revenue boost from the World Cup event in the 1st half of 2006.

Average monthly churn was relatively stable at 1.0% in 4Q06 and for the year, was marginally higher compared to the 0.9% average last year. This was attributable to the higher churn of "seasonal sports" customers who subscribed during the year to view the World Cup event.

As at 31 December 2006, our Cable TV market penetration increased 3.3 percentage points to 43.4% of homes in Singapore when compared to the 40.1% penetration rate recorded a year ago.

Broadband Revenue

	Quarter ended 31 Dec				Year ended 31 Dec			
	2006	2005	Change (+/-)		2006	2005	Change (+/-)	
	S\$m	S\$m	S\$m	%	S\$m	S\$m	S\$m	%
Broadband revenue	58.2	49.0	9.2	18.8	219.9	177.2	42.7	24.1

Broadband Key Drivers	Quarter ended			Year ended		YoY
	31 Dec	30 Sep	31 Dec	31 Dec		% Change
	2006	2006	2005	2006	2005	+/-
Number of residential broadband customers - subscription-based (in thousands)	325	308	277	325	277	17.2
ARPU (S\$ per month)	59	59	58	59	57	3.1
Average monthly churn rate	1.2%	1.1%	1.1%	1.1%	1.0%	-
Percentage of home-passed	99.9%	99.9%	99.9%	99.9%	99.9%	-

Compared to the same periods last year, Broadband revenue for the quarter was 19% or S\$9.2 million higher YoY at S\$58.2 million and for the year, was 24% higher at S\$219.9 million. The revenue increase was on the back of a higher subscriber base and increase in ARPU.

Competition in the broadband market remained intense in 4Q06. Coupled with the year-end festive season celebrations, we also launched our year-end festive promotions by offering attractive marketing premiums, subscription packages discounts to acquire and or drive our retention activities. In addition, we continued to enhance our service offerings by upgrading the access speeds of our various MaxOnline plans at no price increase to our customers. With effect from 28 December 2006, our lowest speed plan of 4Mbps is now upgraded to 6Mbps and we have also launched our highest speed 100Mbps MaxOnline Ultimate plan, strengthening our leadership in offering the highest speed in the residential broadband space. These activities helped to drive higher subscriber net-adds in 4Q06 and for the quarter, we added 17K customers to our base. As at 31 December 2006, our residential broadband customer base grew 17% to 325K subscribers from 277K subscribers a year ago.

ARPU was strong at S\$59 for both the current quarter and year, driven by the higher mix of customers subscribing to the higher tier plans.

Based on the IDA statistics (which includes prepaid and wholesale customers), our residential broadband base represents 50.6% of total market share as at 31 December 2006.

Fixed Network Services Revenue

Fixed Network Services Revenue	Quarter ended 31 Dec				Year ended 31 Dec			
	2006 S\$m	2005 S\$m	Change (+/-) S\$m %		2006 S\$m	2005 S\$m	Change (+/-) S\$m %	
Data & internet	48.9	39.3	9.6	24.4	176.9	145.6	31.3	21.5
Voice services	21.2	20.3	0.9	4.2	82.6	76.1	6.5	8.6
Total	70.1	59.6	10.5	17.5	259.5	221.7	37.8	17.0

IDD	Quarter ended			Year ended		YoY
	31 Dec 2006	30 Sep 2006	31 Dec 2005	31 Dec 2006 2005		% Change +/-
IDD minutes (in millions)	242	224	195	879	728	20.7
Our share of IDD market ⁽¹⁾	18.2%	17.7%	16.2%	17.5%	15.2%	-

Note:

(1) Total market as per published statistics from IDA website as at December 2006

For the quarter, revenue from Fixed network services increased 18% YoY to S\$70.1 million, and for the year was 17% higher YoY at S\$259.5 million. The increase was mainly due to higher Data & Internet revenue, which increased more than 20% YoY for both the quarter and the year.

Compared to 4Q05, Data and Internet revenue was S\$9.6 million or 24% higher YoY at S\$48.9 million in 4Q06, on the back of a higher volume of domestic and international lease circuits sold. For the full year, Data and Internet revenue at S\$176.9 million was S\$31.3 million or 22% higher than S\$145.6 million a year ago.

Voice services revenue, the other component of Fixed network services, registered a lower YoY increase of 4% for the quarter at S\$21.2 million. For the year, voice services revenue at S\$82.6 million recorded a higher YoY increase at 9%. The increase was mainly driven by higher international voice traffic volume, offset by lower revenue from domestic interconnect. Against the same periods last year, our retail IDD traffic volume increased 24% YoY to 242 million minutes in 4Q06, and was 21% higher at 879 million minutes for the year.

Based on the IDA statistics as at end December 2006, StarHub's IDD traffic accounted for 17.5% of the Singapore IDD market, compared to 15.2% a year ago.

Hubbing (Multi-Service Households)

Hubbing Metrics	As at			YoY
	31 Dec 2006	30 Sep 2006	31 Dec 2005	% Change +/-
Total Singapore occupied homes (in thousands, estimated) ⁽¹⁾	1,079	1,079	1,079	-
Total hubbing households with at least one service of post-paid mobile, cable TV and/or broadband services (in thousands)	743	736	711	4.5
Percentage of total hubbing households which subscribe to any two services	32.6%	32.4%	32.3%	0.3 pts
Percentage of total hubbing households which subscribe to all three services	18.1%	17.0%	15.1%	3.0 pts
Total hubbing households which subscribe to two or more services	50.7%	49.4%	47.4%	3.3 pts

Note:

(1) Source: AGB Nielsen Media Research for 2005 and 2004 information

Marketing programs centered on hubbing of our services continued to drive the increase in multi-service households.

As at 31 December 2006, our Hub Club membership (that is, customers having all 3 of our hubbing services) has grown to 134K households, an increase of 25% from a year ago and the number of hubbing households that subscribed to two or more of our services now represent 50.7% of our total hubbing homes, compared to 47.4% a year ago.

For the year, our total hubbing households increased 5% YoY to 743K, which represents a penetration rate of 69% (2005 : 66%) of occupied homes in Singapore as at 31 December 2006.

Operating expenses

	Quarter ended 31 Dec				Year ended 31 Dec			
	2006 S\$m	2005 S\$m	Change (+/-) S\$m %		2006 S\$m	2005 S\$m	Change (+/-) S\$m %	
Operating expenses								
Cost of sales	133.7	127.7	(6.0)	-4.7	553.6	495.4	(58.2)	-11.8
Other operating expenses	250.4	219.8	(30.6)	-13.9	889.8	819.0	(70.7)	-8.6
Total	384.1	347.5	(36.6)	-10.5	1,443.4	1,314.4	(129.0)	-9.8

For the quarter, the Group's total operating expenses amounted to S\$384.1 million, 11% or S\$36.6 million higher YoY compared to 4Q05. Year-to-date, it was 10% higher YoY at S\$1,443.4 million. On the back of the operating revenue increase of 14% for the quarter, variable cost of sales component in total operating expenses increased 5% YoY to S\$133.7 million in 4Q06. For the year, total cost of sales were 12% higher YoY at S\$553.6 million. Other operating expenses for the quarter increased 14% YoY to S\$250.4 million and for the year, it was 9% higher at S\$889.8 million.

Cost of sales

	Quarter ended 31 Dec				Year ended 31 Dec			
	2006 S\$m	2005 S\$m	Change (+/-) S\$m %		2006 S\$m	2005 S\$m	Change (+/-) S\$m %	
Cost of sales								
Cost of equipment sold	45.9	46.2	0.3	0.7	184.5	173.4	(11.1)	-6.4
Cost of services	37.4	35.3	(2.2)	-6.2	165.6	143.4	(22.2)	-15.5
Traffic expenses	50.3	46.2	(4.1)	-8.9	203.5	178.6	(24.9)	-14.0
Total	133.7	127.7	(6.0)	-4.7	553.6	495.4	(58.2)	-11.8

Higher cost of sales in 4Q06 and year-to-date was driven by expansion in customer base and increased business activities. As a percentage of operating revenue, total cost of sales, was trending lower at 28.2% in 4Q06 and 30.7% for the year, compared to 30.8% in 4Q05 and 31.5% in 2005.

For the quarter, cost of equipment sold comprising mainly of mobile handsets costs, was marginally lower at S\$45.9 million compared to 4Q05. This was due to lower handset volume sold in the quarter but with higher unit costs. For the year, although the total handset volume was lower, the higher unit costs of the handsets sold resulted in cost of equipment sold increasing S\$11.1 million or 6% YoY to S\$184.5 million.

Against the same periods last year, cost of services in 4Q06 increased 6% to S\$37.4 million and year-to-date, was S\$22.2 million or 16% higher YoY at S\$165.6 million. The higher Cable TV subscriber base and marginally higher unit programming costs drove the increase in the cable TV cost of services. These coupled with higher mobile content and fixed network service costs resulted in the increases in costs of services for both the quarter and year periods.

The higher volume of voice and data traffic delivered over the network as a result of our expanding customer base and business volume drove the traffic expenses to increase 9% YoY to S\$50.3 million for the quarter and 14% higher at S\$203.5 million for the year.

Other operating expenses

	Quarter ended 31 Dec				Year ended 31 Dec			
	2006 S\$m	2005 S\$m	Change (+/-) S\$m	%	2006 S\$m	2005 S\$m	Change (+/-) S\$m	%
Other operating expenses								
Staff costs	57.2	54.6	(2.7)	-4.9	221.0	217.0	(4.0)	-1.9
Operating lease	31.7	28.1	(3.6)	-12.6	130.7	115.2	(15.5)	-13.4
Marketing and promotion	70.5	51.5	(19.0)	-36.9	188.1	151.2	(36.9)	-24.4
Allowance for doubtful receivables	1.2	(2.3)	(3.5)	nm	8.2	7.6	(0.6)	-7.7
Repair and maintenance	16.2	16.7	0.5	3.1	65.3	61.9	(3.4)	-5.5
Other expenses	19.5	21.3	1.8	8.4	65.4	62.3	(3.1)	-5.0
Sub total	196.4	170.0	(26.4)	-15.5	678.7	615.2	(63.5)	-10.3
Depreciation and amortisation	54.0	49.8	(4.2)	-8.5	211.0	203.8	(7.2)	-3.6
Total	250.4	219.8	(30.6)	-13.9	889.8	819.0	(70.7)	-8.6

In 4Q06, total other operating expenses increased S\$30.6 million or 14% YoY to S\$250.4 million. The increase was due mainly to the higher marketing and promotion expenses this year, to acquire and re-contract customers in a more competitive market as well as higher cost provisions for operating leases in 2006. For the year, total other operating expenses increased 9% YoY to S\$889.8 million. As a percentage of operating revenue, total other operating expenses ratio for the quarter at 52.9% was maintained at relatively the same level as 4Q05. For the year, total other operating expenses as a percentage of total operating revenue recorded a downward trend from 52.1% to 49.3% this year.

Staff Costs

For the quarter, staff costs increased S\$2.7 million to S\$57.2 million as a result of adjustments to bonus provision account in view of the better 2006 performance. For the year, despite the higher business activities and expanded customers base and an additional new shop and service centre in 2006, staff costs increased by less than 2% to S\$221.0 million, reflecting the increase in productivity and efficiency in the business operations.

Operating Lease Expenses

Operating lease expenses increased 13% YoY in both the quarter and year-to-date periods to S\$31.7 million in 4Q06 and S\$130.7 million year-to-date. The increases for both the quarter and year periods were due to higher cost provisions for increase in domestic and international lease circuits capacity and higher rental expenses incurred for an additional new shop and customer service centre in 4Q06. As a percentage of operating revenue, operating lease expenses ratio of 6.7% in 4Q06 and 7.2% for the year were at the same level last year.

Marketing and Promotion Expenses

Apart from the usual higher marketing and promotional activities and costs incurred in 4Q for the year-end festive season promotions, for this year, more marketing and promotional expenses were incurred to acquire and re-contract customers across all our Mobile, Broadband and Cable TV lines of businesses in view of the more competitive market landscape. These drove up the marketing and promotion expenses for the current quarter and for the year. Marketing and promotion expenses in 4Q06 was higher by S\$19.0 million or 37% YoY at S\$70.5 million and for the year, increased S\$36.9 million or 24% to amount to S\$188.1 million in 2006. Accordingly, as a percentage of operating revenue marketing and promotion expenses ratio for the quarter was higher at 14.9% and for the year, was slightly higher at 10.4%, compared to 12.4% and 9.6% respectively last year.

Allowance for Doubtful Receivables

For the full year, allowance for doubtful receivables increased S\$0.6 million to S\$8.2 million as compared to S\$7.6 million a year ago. As a percentage of service revenue, allowance for doubtful receivables ratio remained relatively stable at 0.5% in both periods.

Repair and maintenance

Repair and maintenance expenses in 4Q06 amounted to S\$16.2 million, 3% lower YoY than S\$16.7 million in 4Q05. Year-to-date, repair and maintenance expenses were 6% higher YoY at S\$65.3 million due to higher maintenance costs for a larger base of IT systems, and increased provision made for repair costs of the undersea cables that were recently damaged in the earthquake in Taiwan. As a percentage of operating revenue, repair and maintenance expenses were trending lower in current periods, at 3.4% in 4Q06 and 3.6% for the year, as compared to 4.0% in 4Q05 and 3.9% in 2005.

Other expenses

Other expenses decreased from S\$21.3 million in 4Q05 to S\$19.5 million in 4Q06. The lower other expenses in 4Q06 were mainly due to reversal of allowance on inventory obsolescence, mitigated by higher utilities and professional fees. Year-to-date, other expenses at S\$65.4 million was 5% higher YoY than S\$62.3 million a year ago. Against the same periods last year, other expenses as a percentage of operating revenue in 4Q06 and year-to-date were trending lower at 4.1% and 3.6% respectively.

Depreciation and amortisation

With comparatively more fixed assets being added this quarter, the depreciation and amortisation charge in 4Q06 at S\$54.0 million was higher by S\$4.2 million or 9% YoY when compared to S\$49.8 million in 4Q05. For the year, depreciation and amortisation amounted to S\$211.0 million, 4% higher YoY as a result of a 5% increase in gross fixed assets this year.

Liquidity and Capital Resources

	Quarter ended 31 Dec				Year ended 31 Dec			
	2006 S\$m	2005 S\$m	Change (+/-) S\$m	%	2006 S\$m	2005 S\$m	Change (+/-) S\$m	%
Profit before tax	83.9	65.7	18.2	27.8	352.6	248.3	104.3	42.0
Non-cash items & net interest expense adjustments	67.5	55.5	12.0	21.7	238.8	226.7	12.0	5.3
Net change in working capital	(22.5)	(4.6)	(17.8)	@	(9.8)	29.6	(39.4)	nm
Net cash provided by operating activities	129.0	116.5	12.4	10.7	581.5	504.6	76.9	15.2
Net cash used in investing activities	(71.3)	(33.7)	(37.6)	-111.7	(232.6)	(243.5)	10.9	4.5
Net cash used in financing activities	(56.4)	(129.1)	72.7	56.3	(473.2)	(213.3)	(259.9)	-121.9
Net change in cash and cash equivalents	1.2	(46.3)	47.5	nm	(124.3)	47.8	(172.1)	nm
Cash and cash equivalents at beginning of the period	49.0	220.8	(171.8)	-77.8	174.5	126.7	47.8	37.8
Cash and cash equivalents at end of the period	50.2	174.5	(124.3)	-71.2	50.2	174.5	(124.3)	-71.2
Free Cash Flow ⁽¹⁾	54.5	81.4	(26.9)	-33.1	333.9	256.9	77.0	30.0
Fixed Assets Additions	84.8	71.1	13.7	19.3	200.3	236.8	(36.5)	-15.4

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, net cash from operating activities before working capital changes amounted to S\$151.4 million and for the year, totaled S\$591.4 million, reflecting a YoY increase of approximately 25%. This was driven by the better EBITDA performance, which increased approximately 25% during the year. After allowing for working capital changes, the net cash flow from operations generated by the Group was 11% higher YoY at S\$129.0 million in 4Q06 and for the year at S\$581.5 million, was 15% higher YoY when compared to corresponding periods last year.

Working capital change for the quarter is a negative change of S\$22.5 million compared to S\$4.6 million in 4Q05. For the year, working capital change was a negative S\$9.8 million compared to a positive working capital change of S\$29.6 million in 2005. The higher negative change in working capital this quarter and for the year was due to higher amounts expended to reduce current accruals and payables balances at a faster rate.

During the quarter, net cash used in investing activities increased by S\$37.6 million to S\$71.3 million as a result of higher capex payments amounting to S\$74.5 million made compared to S\$35.2 million in 4Q05. For the year, capital expenditure totaled S\$247.6 million, similar to last year's capex spend. As a percentage of operating revenue, however, the capital expenditure ratio was lower at 13.7% this year compared to 15.8% a year ago as a result of the higher increase in operating revenue this year. Total net

cash used in investing activities for 2006 amounted to S\$232.6 million, 5% lower than a year ago as a result of higher interest received from an average higher net cash balances in the current year.

Consequently, the Group's free cash flow decreased 33% YoY to S\$54.5 million in 4Q06. For the year, free cash flow was driven higher to S\$333.9 million, 30% or S\$77.0 million increase as a result of the better EBITDA performance and a stable capital expenditure level.

As at 31 December 2006, the Group's outstanding capital expenditure commitments was lower at S\$71.3 million, compared to S\$107.9 million outstanding as at last year end. These outstanding commitments relate mainly to commitments for network capacity expansion and IT systems' upgrades.

The cash outflow from financing activities in 4Q06 amounted to S\$56.4 million, 56% lower than 4Q05. In 2005, there was a bank loan repayment made of S\$73.5 million, which was non-recurrent this year. For the year, net cash outflow from financing activities increased S\$259.9 million to S\$473.2 million in 2006. This was due to a net inflow from bank loans of S\$390.0 million, which was offset by higher dividend payments, which amounted to S\$216.5 million and a capital return of S\$655.7 million during the year.

As a result, the Group's bank balance was lower at S\$50.2 million as at 31 December 2006 compared to S\$174.5 million last year.

The Group's borrowings were also increased during the year to result in total bank loans outstanding as at 31 December 2006 of S\$633.0 million. This was 160% higher when compared to S\$243.0 million outstanding bank loans balance as at last year-end. Consequently, total net debt to capital employed (Total shareholders' fund and net debt) ratio as at 31 December 2006 increased to 54.5%, compared to 6.6% last year.

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

The results for the full year are generally better than expected.

The Group's operating revenue for the year increased 15% YoY, slightly better than our expected increase of about 14% YoY in our guidance statement.

EBITDA margin on service revenue at 33.6% for the year was also marginally stronger than our expected EBITDA margin of about 33% in our guidance statement.

For the full year, the Group's total capital expenditure payments amounted to 14% of operating revenue, which is in line with our expectation that cash capital expenditure as a percentage of total operating revenue will not exceed 15%.

15. GROUP OUTLOOK

As at end December 2006, the mobile market penetration in Singapore stood at 103.4%. The highly penetrated mobile market, coupled with the seasonal promotional activity this quarter, resulted in all operators intensifying their efforts to acquire more customers and defend their existing base. This is expected to continue into the first quarter of 2007. We expect in 2007 to continue to enhance, refresh and differentiate our mobile services in order to appeal to well-defined customer segments. We are encouraged by the recent uptake of more 3G handphones and 3G enabled devices. Hence, we are even more focused on the deployment of High Speed Downlink Packet Access (“HSDPA”) and new mobile data services.

During 2006, we saw the entry of a few niche portal-based Internet Protocol TV (“IPTV”) players. Late last year, a major broadband competitor announced their entry into the Pay TV market using IPTV over DSL technology. With these new players in the market, we expect Pay TV penetration to increase at a faster rate in 2007. Programming and content costs are likely to increase. In addition, we also expect customer acquisition and retention costs to increase. Our recent win of the three-season rights to the Barclays English Premier League (“EPL”), though at a higher cost, is a key element in our Cable TV service line-up in 2007 through 2009. We also expect to continue to bring in new content and service innovations to enhance customers’ viewing experience. In January 2007, we launched our High Definition Television (“HDTV”) service, initially offering two HDTV channels with Discovery and National Geographic content partners. We also added 5 new channels onto our digital tier bringing our Cable TV offering to a total 102 channels.

In the area of Broadband services, IDA launched the Wireless@SG initiative where Internet users enjoy free wireless broadband access at selected hotspots (via the WiFi technology) with effect from 1 December 2006. With more users surfing the net via such broadband access, we expect the broadband penetration in Singapore to increase at a faster rate in 2007. The broadband market may become even more segmented with customers’ subscriptions pricing at different tiers along the access speed continuum. Towards the end of December 2006, we launched 100Mbps residential broadband services nation-wide, with the deployment of DOCSIS 3.0 technology. To ensure that all our MaxOnline (MOL) customers experience the full capabilities of DOCSIS 3.0 and access ultra-high broadband speeds immediately, we have also combined this network upgrade with VELOCITY, our content-collaboration program that makes it easy for companies providing online content and services to host their applications in Singapore. This dual-mode network profile allows each MOL cable modem connection a full-speed profile, for accessing locally-hosted content such as those provided by VELOCITY partners; and a prescribed-speed profile, for accessing other Internet content hosted overseas at the price point customers prefer. On this platform, we will continue to differentiate the pricing and value proposition of our residential broadband services to cater to different segments of the market in 2007. On 1 February 2007, we announced the launch of a new voice-over-IP service, *Digital Voice FlexiTalk*, which allows business travellers or people who reside overseas and make frequent inbound calls to Singapore, to enjoy cost-effective voice services from their PCs via a broadband connection. We also introduced *MaxOnline FlexiSurf, By Hour* that offers consumers the freedom of highly flexible usage at affordable hourly rates for broadband access at up to 1500 Kbps. “Hubbing” will continue to be our key theme underpinning our products and marketing programs in 2007.

Based on the current outlook, barring any unforeseen circumstances and changes in economic and market conditions, we expect the Group's 2007 operating revenue to grow in the high single-digits. Blended EBITDA margin on service revenue is expected to expand to around 34%. The full year cash capital expenditure, as a ratio of operating revenue, is expected not to exceed 14%.

In view of the projected profitability and cash flows generation in 2007 and our commitment to return surplus cash to our shareholders, we intend to pay a minimum annual cash dividend for financial year 2007 of 14.0 cents per ordinary share. We also intend to target a net debt to EBITDA ratio of around 1.8 times 2006 EBITDA, and intend to carry out a capital management exercise in 2007.

Some of the statements in this release constitute "forward-looking statements" that do not directly or exclusively relate to historical facts. These forward-looking statements reflect our current intentions, plans, expectations, assumptions and beliefs about future events and are subject to risks, uncertainties and other factors, many of which are outside our control. Important factors that could cause actual results to differ materially from the expectations expressed or implied in the forward-looking statements include known and unknown risks. Because actual results could differ materially from our intentions, plans, expectations, assumptions and beliefs about the future, you are urged to view all forward-looking statements contained in this release with caution.

16. DIVIDENDS

(a) Current financial period reported on

Any dividend recommended for the current financial period reported on? Yes

Name of Dividend	Final
Dividend Type	Cash; Tax exempt (1-tier) dividend
Dividend Amount	S\$0.035 per ordinary share
Tax Rate	Exempt (1-tier)

(b) Corresponding period of the immediately preceding financial year

Any dividend declared for the corresponding period of the immediately preceding financial year? Yes

Name of Dividend	Final
Dividend Type	Cash; Tax exempt (1-tier) dividend
Dividend Amount	S\$0.025 per ordinary share
Tax Rate	Exempt (1-tier)

(c) Date payable

The directors have proposed a final dividend of 3.5 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 2006

Network Platforms	Fixed S\$m	Mobile S\$m	Cable S\$m	Elimination S\$m	Total S\$m
Total revenue	100.4	264.4	141.4	(33.0)	473.2
Service revenue	70.1	240.9	137.4		448.4
Sale of equipment	-	22.7	2.0		24.7
EBITDA	22.3	106.1	17.6	-	146.0
EBITDA as % of service revenue	31.9%	44.0%	12.8%		32.6%

Full year ended 31 December 2006

	Fixed S\$m	Mobile S\$m	Cable S\$m	Elimination S\$m	Total S\$m
Total revenue	373.4	1,012.4	540.8	(121.8)	1,804.8
Service revenue	259.5	919.1	533.1		1,711.7
Sale of equipment	0.1	90.3	2.7		93.1
EBITDA	61.2	394.4	119.6	-	575.3
EBITDA as % of service revenue	23.6%	42.9%	22.4%		33.6%

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

1. SEGMENT REPORTING

2006

	Telco ⁽¹⁾ S\$m	Cable TV and Broadband S\$m	Others S\$m	Elimination S\$m	Total S\$m
Revenue and expenses					
Revenue	1,265.5	535.8	3.5	-	1,804.8
Inter-segment revenue	60.5	5.0	0.4	(65.9)	-
Total revenue	1,326.0	540.8	3.9	(65.9)	1,804.8
Segment results	444.5	34.3	(0.1)	(117.3)	361.4
Interest income					5.7
Interest on borrowings					(14.4)
Profit before taxation					352.6
Taxation					7.6
Net profit for the year					360.2
Assets and liabilities					
Segment assets	1,036.7	439.2	3.4	(138.6)	1,340.9
Loans receivable	446.0	-	28.0	(474.0)	-
Allocated assets					1,340.9
Unallocated assets					385.7
Total assets					1,726.6
Segment liabilities	381.3	316.8	2.3	(138.6)	561.8
Loans	633.0	474.0	-	(474.0)	633.0
Allocated liabilities					1,194.8
Unallocated liabilities					44.2
Total liabilities					1,239.1
Other segment information					
Capital expenditure	133.9	66.3	-	-	200.3
Depreciation	125.4	75.6	0.3	-	201.3
Impairment loss	1.7	-	-	-	1.7
Amortisation	8.5	5.2	-	-	13.7
Provisions	6.0	5.5	0.1	-	11.6

Note:

(1) Telco refers to Telecommunications

1. SEGMENT REPORTING (CONT'D)

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
Loans 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
Loans	17.0	506.5	-	(280.5)	243.0
Allocated liabilities					832.1
Unallocated liabilities					31.4
Total liabilities					863.5
Other segment information					
Capital expenditure	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

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			
	2006 S\$m	2005 S\$m	Change (+/-) S\$m %	
Operating revenue reported for first half year	871.0	757.4	113.6	15.0
Operating profit after tax before deducting minority interests reported for first half year	137.1	83.1	54.0	65.0
Operating revenue reported for second half year	933.8	813.4	120.4	14.8
Operating profit after tax before deducting minority interests reported for second half year	223.1	138.3	84.8	61.3

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

	Year ended 31 Dec	
	2006 S\$m	2005 S\$m
Ordinary shares (include proposed final dividend)	227.9	192.3
Preference shares	-	-
Total Annual Dividend	227.9	192.3

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 2006 S\$m
Transactions for the Sales of Goods & Services	
Chartered Semiconductor Manufacturing Ltd & its associates	0.2
Pacific Internet Limited & its associates	2.3
PT Indosat Tbk & its associates	1.7
Singapore Technologies Engineering Ltd & its associates	0.4
Singapore Telecommunications Limited & its associates	33.4
TeleChoice International Ltd & its associates	0.2
Temasek Holdings (Private) Limited & its associates	1.0
	39.1
Transactions for the Purchase of Goods & Services	
Neptune Orient Lines Limited & its associates	0.6
PT Indosat Tbk & its associates	14.5
Singapore Computer Systems Limited & its associates	2.1
Singapore Power Limited & its associates	25.7
Singapore Telecommunications Limited & its associates	81.0
SNP Corporation Limited & its associates	5.2
STT Communications Ltd and its associates	1.4
TeleChoice International Ltd & its associates	156.1
Temasek Holdings (Private) Limited & its associates	6.1
	292.7

There are no interested person transactions (excluding transactions less than S\$100,000 and transactions conducted under a shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual) entered into by StarHub Ltd and its subsidiaries for the period 1 January to 31 December 2006.



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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 2006, 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 FS44.

Directors' responsibility for the financial statements

The Company's directors are 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: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and 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 judgment, 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 directors, 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 2006 and of 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
Certified Public Accountants

Singapore

14 February 2007