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STARHUB LTD

Announcement of Unaudited Results for the First Quarter ended 31 March 2010

StarHub is pleased to announce our unaudited results for the first quarter ended 31 March 2010.

Results for the First Quarter ended 31 March 2010

1. GROUP INCOME AND COMPREHENSIVE INCOME STATEMENTS

1.1 GROUP INCOME STATEMENT

	Quarter ended 31 Mar		
	2010	2009	Incr/(Decr)
	S$m	S$m	%
Operating revenue	557.2	530.6	5.0
Operating expenses	(499.5)	(423.1)	18.0
Profit from operations	**57.7**	**107.4**	**(46.3)**
Interest income	0.3	0.2	59.5
Interest expenses	(5.5)	(6.2)	(11.5)
Profit before taxation	**52.5**	**101.4**	**(48.3)**
Taxation	(9.8)	(18.9)	(48.1)
Profit for the period	**42.7**	**82.5**	**(48.3)**
Attributable to:			
Equity holders of the Company	42.7	82.5	(48.3)
	42.7	**82.5**	**(48.3)**
EBITDA	**118.4**	**167.9**	**(29.4)**
EBITDA as a % of service revenue	**22.5%**	**33.0%**	**(10.5) %pts**
Free Cash Flow (1)	**119.9**	**115.3**	**4.0**
Profit from operations is arrived after charging the following:			
Allowance for doubtful receivables and bad debts written off	*4.1*	*2.7*	*49.6*
Depreciation and amortisation (net of asset grants)	*60.7*	*60.4*	*0.5*

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 reclassified to conform to current year presentation

1.2 GROUP COMPREHENSIVE INCOME STATEMENT

	Quarter ended 31 Mar		
	2010	**2009**	**Incr/(Decr)**
	S$m	**S$m**	**%**
Profit for the period	**42.7**	**82.5**	**(48.3)**
Other comprehensive income			
Effective portion of changes in fair value of cash flow hedge (net of tax)	0.1	5.2	(98.4)
Other comprehensive income for the period, net of tax	0.1	5.2	(98.4)
Total comprehensive income for the period	**42.7**	**87.7**	**(51.3)**
Attributable to:			
Equity holders of the Company	42.7	87.7	(51.3)
	42.7	**87.7**	**(51.3)**

2. STATEMENT OF FINANCIAL POSITION

	Group		Company	
	31 Mar 10	31 Dec 09	31 Mar 10	31 Dec 09
	S$m	S$m	S$m	S$m
Non-current assets				
Property, plant and equipment	763.3	785.1	341.0	347.8
Intangible assets	414.5	415.7	133.6	133.9
Subsidiaries	-	-	1,202.1	1,174.1
Deferred tax assets	8.2	5.3	-	-
	1,186.0	**1,206.2**	**1,676.6**	**1,655.8**
Current assets				
Inventories	20.3	28.2	16.1	22.7
Trade receivables	138.4	125.4	104.5	91.4
Other receivables, deposits and prepayments	124.5	116.1	19.7	22.5
Balances with related parties	23.6	22.6	683.6	714.4
Cash and bank balances	316.9	234.2	247.2	132.3
	623.7	**526.4**	**1,071.1**	**983.4**
Current liabilities				
Trade payables and accruals	403.1	377.1	234.8	223.0
Other payables	219.0	196.4	85.6	59.9
Balances with related parties	45.1	42.1	181.3	143.5
Bank loans	113.6	290.4	113.6	290.4
Provision for taxation	32.7	19.5	32.7	19.5
	813.5	**925.5**	**648.0**	**736.2**
Net current (liabilities)/assets	**(189.8)**	**(399.0)**	**423.1**	**247.1**
Non-current liabilities				
Bank loans	751.8	605.4	751.8	605.4
Other payables	7.7	8.1	7.7	8.1
Deferred income	5.6	6.6	-	-
Deferred tax liabilities	60.7	61.2	45.4	47.7
	825.8	**681.3**	**804.9**	**661.2**
Net assets	**170.4**	**125.8**	**1,294.8**	**1,241.8**
Shareholders' equity				
Share capital	258.6	257.5	258.6	257.5
Reserves	(88.2)	(131.7)	1,036.2	984.3
	170.4	**125.8**	**1,294.8**	**1,241.8**

3. GROUP CASH FLOW STATEMENT

	Quarter ended 31 Mar	
	2010	2009
	S$m	S$m
Operating Activities		
Profit before taxation	52.5	101.4
Adjustments for :		
Depreciation and amortisation (net of asset grants)	60.7	60.4
Fixed assets written off	1.1	0.4
Share-based payments expenses	1.4	1.1
Changes in fair value of financial instruments	0.1	(2.3)
Net interest expense	5.3	6.1
Other non-cash items	0.1	0.1
Operating cash flow before working capital changes	121.1	167.1
Changes in working capital	47.3	(0.9)
Net cash from operating activities	**168.5**	**166.2**
Investing Activities		
Proceeds from disposal of fixed assets	1.8	0.5
Purchase of fixed assets	(48.6)	(50.8)
Interest received	0.3	0.1
Net cash used in investing activities	**(46.5)**	**(50.3)**
Financing Activities		
Proceeds from issue of shares	0.4	0.4
Interest paid	(9.3)	(10.6)
Proceeds from loans	200.0	200.0
Repayment of loans	(230.4)	(189.3)
Net cash used in financing activities	**(39.3)**	**0.5**
Net change in cash and cash equivalents	**82.7**	**116.3**
Cash and cash equivalents at beginning of the period	234.2	128.3
Cash and cash equivalents at end of the period	**316.9**	**244.7**

4. GROUP UNSECURED BORROWINGS

	31 Mar 10	31 Dec 09
Unsecured borrowings	S$m	S$m
Amount repayable in one year or less	113.6	290.4
Amount repayable after one year	751.8	605.4
Total	**865.4**	**895.8**

5. STATEMENT OF CHANGES IN EQUITY

Group	Share capital S$m	Goodwill written off S$m	Share-based payment reserve S$m	Hedging reserve S$m	Treasury shares S$m	Retained profits S$m	Total reserves S$m	Total equity S$m
At 1 Jan 2010	**257.5**	**(276.3)**	**13.0**	**(7.4)**	**(3.0)**	**142.0**	**(131.7)**	**125.8**
Issue of shares pursuant to share option, performance shares & restricted stock plans	**1.1**	**-**	**(0.7)**	**-**	**-**	**-**	**(0.7)**	**0.4**
Share-based payments expenses	**-**	**-**	**1.4**	**-**	**-**	**-**	**1.4**	**1.4**
Transfer from treasury shares to share-based payment reserve	**-**	**-**	**(2.9)**	**-**	**2.9**	**-**	**-**	**-**
Total comprehensive income for the period (net of tax)	**-**	**-**	**-**	**0.1**	**-**	**42.7**	**42.7**	**42.7**
At 31 Mar 2010	**258.6**	**(276.3)**	**10.8**	**(7.3)**	**(0.0)**	**184.6**	**(88.2)**	**170.4**
At 1 Jan 2009	255.1	(276.3)	8.6	(12.4)	(6.0)	139.0	(147.1)	108.1
Issue of shares pursuant to share option, performance shares & restricted stock plans	0.4	-	-	-	-	-	-	0.4
Share-based payments expenses	-	-	1.1	-	-	-	1.1	1.1
Transfer from treasury shares to share-based payment reserve	-	-	(3.0)	-	3.0	-	-	-
Total comprehensive income for the period (net of tax)	-	-	-	5.2	-	82.5	87.7	87.7
At 31 Mar 2009	255.5	(276.3)	6.6	(7.1)	(3.0)	221.5	(58.3)	197.3

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

Company	Share capital S$m	Merger/ Capital reserve S$m	Share-based payment reserve S$m	Hedging reserve S$m	Treasury shares S$m	Retained profits S$m	Total reserves S$m	Total equity S$m
At 1 Jan 2010	**257.5**	**276.5**	**13.0**	**(7.3)**	**(3.0)**	**705.0**	**984.3**	**1,241.8**
Issue of shares pursuant to share option, performance shares & restricted stock plans	**1.1**	**-**	**(0.7)**	**-**	**-**	**-**	**(0.7)**	**0.4**
Share-based payments expenses	**-**	**-**	**1.4**	**-**	**-**	**-**	**1.4**	**1.4**
Transfer from treasury shares to share-based payment reserve	**-**	**-**	**(2.9)**	**-**	**2.9**	**-**	**-**	**-**
Total comprehensive income for the period (net of tax)	**-**	**-**	**-**	**0.0**	**-**	**51.1**	**51.2**	**51.2**
At 31 Mar 2010	**258.6**	**276.5**	**10.8**	**(7.3)**	**(0.0)**	**756.2**	**1,036.2**	**1,294.8**
At 1 Jan 2009	255.1	276.5	8.6	(11.3)	(6.0)	688.7	956.6	1,211.7
Issue of shares pursuant to share option, performance shares & restricted stock plans	0.4	-	-	-	-	-	-	0.4
Share-based payments expenses	-	-	1.1	-	-	-	1.1	1.1
Transfer from treasury shares to share-based payment reserve	-	-	(3.0)	-	3.0	-	-	-
Total comprehensive income for the period (net of tax)	-	-	-	5.0	-	59.5	64.6	64.6
At 31 Mar 2009	255.5	276.5	6.6	(6.3)	(3.0)	748.3	1,022.2	1,277.8

6. CHANGES IN COMPANY'S SHARE CAPITAL

Share Capital

As at 31 March 2010, the share capital of the Company amounted to S$258.6 million and comprised 1,714,528,721 issued ordinary shares, of which 12,740 are held by the company as treasury shares. (31 December 2009: 1,713,926,484 ordinary shares of which 1,092,000 are held as treasury shares).

Issue of new shares
For the quarter ended 31 March 2010, the Company issued a total of 602,237 new ordinary shares to employees pursuant to the Company's obligations under its share-based plans as follows:

357,937 ordinary shares upon the exercise of options by participants pursuant to the Company's share option plans at exercise prices ranging from S$0.68 to S$1.52 per ordinary share; and

244,300 ordinary shares were issued as fully paid shares via the transfer from the Company's share-based payment reserve to participants to satisfy the payout under the Company's Performance and Restricted Share Plans.

Treasury Shares
During the quarter, 1,079,260 treasury shares were transferred to participants of the Company's share plans. After the transfer, the treasury shares balance comprised 12,740 treasury shares or amounted to S$35K as at 31 March 2010 (31 March 2009: 1,092,000 ordinary shares).

Outstanding Shares – Employees' Share-Based Plans

Share Option Plans
As at 31 March 2010, the outstanding balance of unexercised options under the Company's share option plans totaled 5,608,763 (31 March 2009: 7,714,435) or 0.3% of total issued shares in the capital of the Company.

Performance Share Plan
The number of outstanding conditional awards under the Performance Share Plan amounted to 571,000 ordinary shares as at 31 March 2010 (31 March 2009: 978,000). This is after 120,960 ordinary shares were payout to participants upon fulfilling the 3-year performance period and a total of 871,040 conditional awards were forfeited in the quarter.

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

Restricted Stock Plan
In 1Q-2010, there was a payout of 1,202,600 ordinary shares to participants of the Restricted Stock Plan. After adjusting for 1,035,413 conditional awards cancelled/forfeited in 1Q-2010, the total outstanding conditional awards balance was 2,571,360 ordinary shares as at 31 March 2010 (31 March 2009: 2,853,600).

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

7. AUDIT

The results for the financial year have not been audited or reviewed.

8. AUDITORS' REPORT

Not applicable.

9. ACCOUNTING POLICIES

The Group and the Company has applied the same accounting policies and method of computation as in the most recent audited financial statements for the year ended 31 December 2009.

In the current financial period, the Group and the Company have adopted all the new and revised Financial Reporting Standards (FRSs) and Interpretations of FRSs (INT FRSs) that are relevant to its operations and effective for annual periods beginning on 1 January 2010. The adoption of these new/revised FRSs and INT FRSs does not result in substantial changes to the Group's and the Company's accounting policies and had no material effect on the amounts reported for the current or prior periods.

10. CHANGES IN ACCOUNTING POLICIES AND ESTIMATES

Not applicable.

11. GROUP EARNINGS PER ORDINARY SHARE

	Quarter ended 31 Mar	
	2010	**2009**
Basic		
Earnings per share	2.49 cents	4.82 cents
Weighted average number of shares ('000)	1,714,159	1,710,639
Diluted		
Earnings per share	2.48 cents	4.80 cents
Weighted average number of shares ('000)	1,719,763	1,717,476

12. NET ASSET VALUE PER ORDINARY SHARE

	Group		**Company**	
	31 Mar 2010	**31 Dec 2009**	**31 Mar 2010**	**31 Dec 2009**
Net asset value per share	9.9 cents	7.3 cents	75.5 cents	72.5 cents

13. REVIEW OF GROUP PERFORMANCE

	Quarter ended 31 Mar			
	2010	2009	Incr / (Decr)	
	S$m	S$m	S$m	%
Operating revenue	557.2	530.6	26.6	5.0
Operating expenses	(499.5)	(423.1)	76.3	18.0
Profit from operations	**57.7**	**107.4**	**(49.7)**	**(46.3)**
Interest income	0.3	0.2	0.1	59.5
Interest expenses	(5.5)	(6.2)	(0.7)	(11.5)
Profit before taxation	**52.5**	**101.4**	**(48.9)**	**(48.3)**
Taxation	(9.8)	(18.9)	(9.1)	(48.1)
Profit for the period	**42.7**	**82.5**	**(39.8)**	**(48.3)**
EBITDA	**118.4**	**167.9**	**(49.4)**	**(29.4)**
EBITDA as a % of service revenue	**22.5%**	**33.0%**	**-**	**(10.5)** %pts

Results for the period ended 31 March 2010

For the quarter, the Group's operating revenue was S$26.6 million or 5% higher at S$557.2 million when compared to 1Q-2009. Service revenue increased S$19.2 million or 4% primarily due to mobile service revenue. Sales of equipment increased by S$7.4 million or 33% driven by increased quantity of smart phones sales.

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

	Quarter ended 31 Mar					
	2010		2009		Incr / (Decr)	
Operating revenue	S$m	% mix	S$m	% mix	S$m	%
Mobile revenue	286.3	51.4%	264.7	49.9%	21.5	8.1
Pay TV revenue	101.6	18.2%	102.0	19.2%	(0.4)	(0.4)
Broadband revenue	59.5	10.7%	62.4	11.8%	(2.8)	(4.6)
Fixed network services revenue	79.9	14.3%	79.1	14.9%	0.9	1.1
Total service revenue	527.3	94.6%	508.2	95.8%	19.2	3.8
Sale of equipment	29.8	5.4%	22.4	4.2%	7.4	33.1
Total	557.2	100.0%	530.6	100.0%	26.6	5.0

Profitability

The 1Q-2010 was a challenging quarter as operators aggressively promoted iPhones and other smart phones bundled data plans to grow higher ARPU in the future from new and re-contract customers. Hence profitability for the quarter has been significantly reduced by the higher cost of sales activities.

The cost of sales for the quarter rose to S$249.2 million, 26% or S$50.7 million higher compared to 1Q-2009. Of this, cost of equipment increased by 93% or S$45.1 million to S$93.8 million primarily driven by higher quantity and increased unit cost of smart phones sold in the quarter. Other operating expenses at S$250.3 million were also higher by 11% or S$25.7 million contributed by higher staff costs, operating lease and other expenses.

Consequently, the Group EBITDA decreased by 29% to S$118.4 million compared to 1Q-2009. EBITDA margin as a percentage of service revenue was at 22.5%. Group's profit from operations in 1Q-2010 was S$57.7 million, S$49.7 million or 46% lower year-on-year.

1Q-2010 interest expenses were 11.5% lower year-on-year at S$5.5 million due to lower average outstanding loan balances and lower interest rates.

Consequently, profit before tax decreased 48% to S$52.5 million. Taxation for 1Q-2010 was also reduced to S$9.8 million or 48% lower when compared to 1Q-2009.

Profit after tax was S$42.7 million for the quarter as compared to S$82.5 million in 1Q-2009.

Mobile Service Revenue

Mobile revenue	Quarter ended 31 Mar 2010 S$m	2009 S$m	Incr / (Decr) S$m	%
Post-paid	220.2	200.4	19.8	9.9
Pre-paid	66.0	64.3	1.7	2.6
Total	286.3	264.7	21.5	8.1

Mobile Key Drivers	Quarter ended 31 Mar 2010	31 Dec 2009	31 Mar 2009
Number of registered customers (in thousands)			
Post-paid	966	939	901
Pre-paid	1,009	979	914
Total	1,975	1,918	1,815
Monthly minutes of use per registered customer			
Post-paid	387	407	442
Pre-paid	559	566	547
Average monthly SMS per registered user (originating)			
Post-paid	255	249	238
Pre-paid	154	157	132
Total MMS traffic (in millions)	4.3	3.9	3.7
Mobile Data Traffic (in GBytes)			
Post-paid	2,929,946	2,607,803	1,006,786
Pre-paid	22,194	17,835	142
ARPU with IDD included (S$ per month)			
Post-paid	69	70	67
Pre-paid	23	23	24
Non-voice service as a contribution to ARPU			
Post-paid	35.4%	32.4%	29.0%
Pre-paid	12.6%	12.6%	11.5%
Average acquisition cost per gross connection (S$)	122	106	77
Average monthly churn rate (post-paid)	1.2%	1.3%	1.0%
Singapore mobile penetration [(1)]	137.6%	137.5%	132.6%
Market Share [(1)]	28.4%	28.0%	28.3%

Note:
(1) Source : IDA (As at February 2010)

Total mobile services

Overall mobile services revenue amounted to S$286.3 million for the quarter, up 8% year-on-year from higher Post-paid and Pre-paid mobile services revenue. As a percentage of overall mobile revenue mix, Post-paid mobile services revenue mix is now 77% as compared to 76% in 1Q-2009.

Post-paid mobile services

For the quarter, Post-paid mobile services revenue was S$19.8 million or 10% higher year-on-year at S$220.2 million on the back of an expanded subscriber base and higher ARPU.

The quarter saw a strong net add of 27K customers, which was three times that of 1Q-2009 net customer additions of 9K. The introduction of the iPhone in December 2009 to our available range of smart phones continued to drive the take-up of our mobile data plans and handsets bundles.

As a percentage of overall Post-paid mobile subscribers, the number of 3G Post-paid mobile subscribers was up from 75% last year to 87% in current quarter. As at 31 March 2010, our Post-paid subscriber base stood at 966K customers, 7% higher year-on-year.

Against the same quarter last year, Post-paid ARPU was up S$2 to S$69 in 1Q-2010. The increase was mainly attributed to higher IDD & roaming revenue and higher mobile data subscriptions to offset the lower voice usage revenue. In 1Q-2010, post-paid mobile minutes of use drop 12% year-on-year to 387 minutes. Data traffic grew 191% year-on-year to 2.9 million Gigabytes in 1Q-2010 as more customers subscribed to the mobile data capped plans when they take up the smart phone bundles. As a result, Post-paid non-voice services as a percentage of Post-paid ARPU increased from 29.0% in 1Q-2009 to 35.4% in 1Q-2010.

Post-paid monthly average churn for the quarter was higher at 1.2% as compared to 1.0% in 1Q-2009, due to increased competition in the market.

Pre-paid mobile services

Compared to 1Q-2009, this quarter's Pre-paid mobile services revenue was S$1.7 million or 3% higher at S$66.0 million. The increase was on the back of a higher customer base with lower ARPU.

As at 31 March 2010, Pre-paid mobile customer base reached 1,009K with customer net-adds in the quarter amounting to 30K customers. Compared to last year, the customer base was 95K or 10% higher.

Pre-paid ARPU at S$23 for the quarter, continued to track the average level in 2009, although this was S$1 lower than the ARPU in 1Q-2009. For the quarter, Pre-paid data traffic totaled 22K Gigabytes, up from 142 Gigabytes in 1Q-2009, driven mainly by customers on prepaid data plans for the USB dongles. Hence, Pre-paid non-voice services as a percentage of Pre-paid ARPU grew to 12.6% in 1Q-2010, up from 11.5% in 1Q-2009.

Acquisition Cost per gross connection

The average acquisition cost per gross connection increased 58% year-on-year to S$122 in 1Q-2010. The increase in the quarter was mainly due to a higher mix of postpaid gross connections and the higher acquisition costs for mobile smart phones' subscribers.

Pay TV Revenue

	Quarter ended 31 Mar			
	2010	2009	Incr / (Decr)	
	S$m	S$m	S$m	%
Pay TV revenue	101.6	102.0	(0.4)	(0.4)

	Quarter ended		
	31 Mar	31 Dec	31 Mar
Pay TV Key Drivers	2010	2009	2009
Number of residential Pay TV customers (in thousands)	541	539	527
ARPU (S$ per month)	55	56	58
Average monthly churn rate	0.9%	1.0%	1.0%
StarHub's penetration	46.7%	46.7%	46.1%

For the quarter, Pay TV revenue at S$101.6 million was driven from a higher subscriber base but with lower ARPU.

For the quarter, 2K subscribers were added to the customer base, bringing the total Pay TV customer base to 541K as at 31 March 2010. This was 14K or 3% higher than a year ago.

Pay TV ARPU at S$55 was S$3 lower when compared to 1Q-2009. The lower ARPU year-on-year was due to more discount offers as we drive the take up of new program bundles or add-on channels and penetrate into new customer segments.

Pay TV average monthly churn reduced from 1.0% in 1Q-2009 to 0.9% in 1Q-2010.

Broadband Revenue

	Quarter ended 31 Mar			
	2010	2009	Incr / (Decr)	
	S$m	S$m	S$m	%
Broadband revenue	59.5	62.4	(2.8)	(4.6)

	Quarter ended		
	31 Mar	31 Dec	31 Mar
Broadband Key Drivers	2010	2009	2009
Number of residential broadband customers - subscription-based (in thousands)	408	400	383
ARPU (S$ per month)	48	49	55
Average monthly churn rate	1.2%	1.1%	1.1%

For the quarter, Broadband revenue decreased 5% to S$59.5 million from lower ARPU due to new subscribers mix.

As at 31 March 2010, Broadband customer base totaled 408K or 7% higher than that in 1Q-2009. Customer net-add in the quarter was 8K customers.

Broadband ARPU for the quarter was S$48. This was S$1 lower than last quarter and S$7 lower year-on-year. The lower ARPU year-on-year was primarily due to higher subscription discounts offers to drive take-up and an increasing mix of lower tier price plans.

Broadband average monthly churn for the quarter at 1.2% was tracking the average level in 2009 although it was higher when compared to 1.1% in 1Q-2009.

Fixed Network Services Revenue

Fixed Network Services Revenue	Quarter ended 31 Mar 2010 S$m	2009 S$m	Incr / (Decr) S$m	%
Data & internet	68.2	67.5	0.7	1.0
Voice services	11.7	11.5	0.2	1.6
Total	79.9	79.1	0.9	1.1

For the quarter, Fixed Network services revenue grew 1% to S$79.9 million in 1Q-2010, with growth from both Data & Internet and Voice services.

Year-on-year, Data & Internet services revenue was up S$0.7 million or 1% to S$68.2 million in 1Q-2010, due to higher revenue from Backhaul services.

Voice services revenue increased S$0.2 million or 2% to S$11.7 million in 1Q-2010, as higher voice revenue offset the lower interconnect revenue from international carriers.

Hubbing (Multi-Service Households)

Hubbing Metrics	As at 31 Mar 2010	31 Dec 2009	31 Mar 2009
Total Singapore occupied homes (in thousands, estimated) (1)	1,165	1,165	1,145
Total hubbing households with at least one service of post-paid mobile, pay TV and/or broadband services (in thousands)	788	784	777
Percentage of total hubbing households which subscribe to any two services	30.8%	30.8%	31.1%
Percentage of total hubbing households which subscribe to all three services	24.0%	23.7%	22.5%
Total hubbing households which subscribe to two or more services	54.8%	54.5%	53.6%

Note:
(1) Source: Nielsen Media Research for 2009 estimates

As at 31 March 2010, the total number of hubbing households with at least one StarHub service was 788K, up 4K for the quarter and was 11K or 1% above last year same period. As a percentage of total occupied homes in Singapore, our hubbing households represented 68% as at 31 March 2010.

Driven by hubbing promotions and discounts offered for multi-services take-up, the number of households taking more than one StarHub service has increased from 53.6% last year to 54.8% this year.

For the quarter, our Hub Club membership grew 3K to reach 189K households as at 31 March 2010. This was 14K or 9% higher than the Hub Club membership of 175K as at 31

March 2009. As a percentage of overall hubbing households, households which subscribed to all 3 of our hubbing services was up from 22.5% last year to 24.0% this quarter.

Operating expenses

	Quarter ended 31 Mar			
	2010	2009	Incr / (Decr)	
Operating expenses	**S$m**	**S$m**	**S$m**	**%**
Cost of sales	249.2	198.5	50.7	25.5
Other operating expenses	250.3	224.6	25.7	11.4
Total	499.5	423.1	76.3	18.0

Compared to the same quarter last year, the Group's total operating expenses was 18% higher at S$499.5 million in 1Q-2010. Both cost of sales and other operating expenses contributed to the higher overall operating expenses for the Group.

The breakdown of the cost of sales is as follows:

Cost of sales

	Quarter ended 31 Mar			
	2010	2009	Incr / (Decr)	
Cost of sales	**S$m**	**S$m**	**S$m**	**%**
Cost of equipment sold	93.8	48.7	45.1	92.7
Cost of services	88.4	83.1	5.3	6.4
Traffic expenses	66.9	66.7	0.2	0.4
Total	249.2	198.5	50.7	25.5

For the quarter, cost of sales amounted to S$249.2 million, up S$50.7 million or 26% year-on-year. The increase was largely attributed to higher cost of equipment and cost of services. As a percentage of operating revenue, total cost of sales was higher at 44.7% in 1Q-2010 as compared to 37.4% in 1Q-2009.

Against 1Q-2009, this quarter's cost of equipment sold was S$45.1 million or 93% higher at S$93.8 million. The year-on-year increase was primarily due to a higher quantity of handsets sold and a higher sales mix of smart-phones which unit costs were higher. As a percentage of operating revenue, cost of equipment ratio was up from 9.2% in 1Q-2009 to 16.8% in this quarter.

Cost of services for the quarter increased S$5.3 million or 6% year-on-year to S$88.4 million. About 79% of the increase was attributed to Pay TV services where higher rates were paid for new contents acquisition and existing content renewals. The balance year-on-year increase was mainly in line with the higher service revenue and customer additions in the quarter. As a percentage of operating revenue, cost of services was 15.9% in 1Q-2010, up marginally from 15.7% in 1Q-2009.

Other operating expenses

	Quarter ended 31 Mar			
	2010	2009	Incr / (Decr)	
Other operating expenses	**S$m**	**S$m**	**S$m**	**%**
Staff costs	67.7	52.7	15.0	28.5
Operating lease	36.5	33.1	3.4	10.2
Marketing and promotion	40.5	39.0	1.6	4.0
Allowance for doubtful receivables	4.1	2.7	1.3	49.6
Repair and maintenance	17.8	16.4	1.4	8.6
Other expenses	22.8	20.2	2.6	12.9
Sub total	189.5	164.2	25.3	15.4
Depreciation and amortisation	60.7	60.4	0.3	0.5
Total	250.3	224.6	25.7	11.4

For 1Q-2010, total other operating expenses were S$25.7 million or 11% higher year-on-year at S$250.3 million. Increases in staff costs account for 58% of this year-on-year increase. As a percentage of operating revenue, other operating expenses were higher at 44.9% in 1Q-2010 when compared to 42.3% in 1Q-2009.

Staff costs
For the quarter, staff costs increased S$15.0 million or 29% year-on-year to S$67.7 million. This was primarily due to a S$12 million additional charge this period for 2009 variable bonuses that was paid in 1Q-2010. Excluding this additional charge, the Group's staff costs would be 6% higher year-on-year, largely attributed to higher temporary staff costs and reduced job credits grant from the Government. As a percentage of operating revenue, staff costs (excluding the additional 2009 bonus provision) approximate 10.0% in 1Q-2010 as compared to 9.9% in 1Q-2009.

Operating lease
Operating lease expenses was up S$3.4 million or 10% to S$36.5 million in 1Q-2010. The increase was mainly due to higher international lease capacity and base stations rental to support the expanded network and customer base. As a percentage of operating revenue, operating lease increased from 6.2% in 1Q-2009 to 6.6% in 1Q-2010.

Marketing and promotion
Against 1Q-2009, marketing and promotion expenses for the quarter was 4% higher at S$40.5 million, attributed mainly to increased marketing activities for the new mobile phone launches, Pay TV channels and product branding campaigns. As a percentage of operating revenue, marketing and promotion was stable at 7.3% for both quarters.

Allowance for doubtful receivables
Allowance for doubtful receivables increased from S$2.7 million in 1Q-2009 to S$4.1 million in 1Q-2010. The higher provision was primarily driven by higher credit sales recorded in 1Q-2010. As a percentage of service revenue, allowance for doubtful receivables was higher at 0.8% in 1Q-2010 as compared to 0.5% in 1Q-2009.

Repair and maintenance
This quarter's repair and maintenance expenses were S$1.4 million or 9% higher at S$17.8 million as compared to 1Q-2009. The increase was due to higher operational maintenance costs for our expanded network infrastructure and systems. As a percentage of operating revenue, repair and maintenance was up 0.1 percentage point to 3.2% in 1Q-2010 as compared to 1Q-2009.

Other expenses
Other expenses for the quarter at S$22.8 million were S$2.6 million or 13% higher than the same quarter last year. The increase this quarter was attributed to higher allowance on stock obsolescence and write off of certain fixed assets. As a percentage of operating revenue, other expenses ratio was 4.1% in 1Q-2010, compared to 3.8% in 1Q-2009.

Liquidity and Capital Resources

	Quarter ended 31 Mar	
	2010	2009
	S$m	S$m
Operating Activities		
Profit before taxation	52.5	101.4
Non-cash items & net interest expense adjustments	68.7	65.7
Net change in working capital	47.3	(0.9)
Net cash from operating activities	**168.5**	**166.2**
Investing Activities		
Proceeds from disposal of fixed assets	1.8	0.5
Purchase of fixed assets	(48.6)	(50.8)
Interest received	0.3	0.1
Net cash used in investing activities	**(46.5)**	**(50.3)**
Financing Activities		
Proceeds from issue of shares	0.4	0.4
Interest paid	(9.3)	(10.6)
Proceeds from loans	200.0	200.0
Repayment of loans	(230.4)	(189.3)
Net cash used in financing activities	**(39.3)**	**0.5**
Net change in cash and cash equivalents	**82.7**	**116.3**
Cash and cash equivalents at beginning of the period	234.2	128.3
Cash and cash equivalents at end of the period	**316.9**	**244.7**
Free Cash Flow (1)	**119.9**	**115.3**

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

This quarter's free cash flow at S$119.9 million was S$4.6 million or 4% higher year-on-year when compared to the S$115.3 million in 1Q-2009. This was contributed by slightly higher net cash flow generated from operating activities at S$168.5 million and a marginally lower cash capex at S$48.6 million in the quarter.

The Group's net cash from operating activities was up S$2.3 million or 1% from S$166.2 million in 1Q-2009 to S$168.5 million in 1Q-2010, driven by the positive change in working capital which offset the lower EBITDA in the quarter. This quarter's positive working capital changes were attributed to higher deferred revenue collected and accruals which offset the increase in trade receivables.

For the quarter, the Group's net cash outflow from investing activities amounted S$46.5 million, 8% lower year-on-year from lower capex payment.

The Group's outstanding capital expenditure commitments amounted to S$209.5 million as at 31 March 2010, up S$47.4 million from S$162.1 million a year ago. The year-on-year increase was mainly due to outstanding commitments for new network central offices and data centre for the next generation fiber broadband network infrastructure, and set-top boxes investments.

In 1Q-2010, the Group's total cash outflow from financing activities was S$39.3 million. This was mainly due to the higher repayment of bank loans of S$230.4 million in 1Q-2010 as against the S$189.3 million in 1Q-2009.

Due to sustained free cash flow, the Group's cash and cash equivalents as at 31 March 2010 was 30% higher at S$316.9 million when compared to last year.

Gearing

In the quarter, the Group repaid scheduled bank loan repayments of S$230.4 million and obtained new bank loans of S$200 million. This resulted in lower gross debt outstanding of S$865.4 million as at 31 March 2010, compared to S$924.4 million last year. Netting off the higher cash balance of S$316.9 million as at 31 March 2010, the Group's net debt was S$548.5 million, 19% lower year-on-year. As a ratio of 2009 EBITDA, the Group's net debt/EBITDA ratio was 0.84 times, down from 1.04 times a year ago.

Statement of Financial Position

The Group's total non-current assets decreased from S$1,206.2 million as at 31 December 2009 to S$1,186.0 million as at 31 March 2010. The decrease was mainly due to reduced net book values of property, plant and equipment.

As at 31 March 2010, the Group's total current assets amounted to S$623.7 million, an increase of S$97.3 million from 31 December 2009, with higher cash and bank balances, trade receivables and other receivables, deposits and prepayments offset by lower inventory balances.

Compared to last year end, the Group's total current liabilities decreased S$112.0 million to S$813.5 million as at 31 March 2010 with lower current portion of bank loans offset by higher trade payables and accruals, other payables and provision for taxation.

Other non-current liabilities balance rose from S$681.3 million as at 31 December 2009 to S$825.8 million this quarter due to new loans refinanced.

Driven by increased profits reserves for the period, the Group's shareholders' equity was up from S$125.8 million as at last year end to S$170.4 million as at end March 2010.

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

For the quarter ended 31 March 2010, the Group's overall operating revenue increased 5% year-on-year. This was above our guidance of low single digit growth for 2010.

As a percentage of service revenue, 1Q-2010 EBITDA margin was at 22.5% as against our guidance of around 30% of service revenue. This was impacted by the net higher handset costs incurred for mobile customers acquired and re-contracted in the quarter, higher costs of content acquisition and renewals, and additional charge for the 2009 variable bonuses paid in this quarter.

The Group's total capex payment for the quarter amounted to 9% of operating revenue, which is below our guidance of 2010 cash capex as a percentage of operating revenue not exceeding 14%.

15. GROUP OUTLOOK

In the latest press release from the Ministry of Trade and Industry, the Singapore economy is forecast to grow by 7% to 9% in 2010, up from 4.5% to 6.5% forecast earlier. The improved business outlook is expected to positively impact consumer and business spending for telecommunication, media and entertainment services.

Competition remains aggressive in the broadband market as the various players in the market position themselves ahead of the new fiber broadband infrastructure launch. Mobile operators continue to actively promote data subscription plans bundled with better smart phones. While the higher investment in these smart phones bundles impact profitability in the period in which they are incurred, we expect benefits to accrue in subsequent periods.

Our subsidiary, Nucleus Connect which is the official operating company of this new fiber broadband network is on track to commercially offer its services by the 2nd half of 2010.

Media Development Authority of Singapore has recently announced that all Pay TV operators in Singapore are required to cross carry each others' content which has been acquired exclusively. This arrangement will apply for exclusive content agreements entered into on or after 12 March 2010.

Based on the current outlook, we maintain our year-on-year growth of the Group's 2010 operating revenue to be in the low single digit range and revised our guidance on Group EBITDA margin to be around 28% of service revenue. We maintain our guidance for 2010 capex payment not to exceed 14% of operating revenue. Cash dividend payout remains at a minimum of 5 cents per ordinary share per quarter for financial year 2010.

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

assumptions and beliefs about the future, you are urged to view all forward-looking statements contained in this release with caution.

16. DIVIDENDS

(a) Current financial period reported on

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

Name of Dividend	Interim
Dividend Type	Cash; Tax exempt (1-tier) dividend
Dividend Amount	S$0.05 per ordinary share
Tax Rate	Exempt (1-tier)

(b) Corresponding period of the immediately preceding financial year

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

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

(c) Date payable

The interim dividend will be paid on 4 June 2010.

(d) Book closure date

Notice is hereby given that the Register of Members and the Transfer Books of the Company will be closed on 25 May 2010 ("Book Closure Date") for the purpose of determining members' entitlement to the interim dividend.

Duly completed registrable transfers received by the Company's Share Registrar, M&C Services Private Limited, 138 Robinson Road, #17-00 The Corporate Office, Singapore 068906 up to the close of business at 5.00pm on 24 May 2010 ("Entitlement Date") will be registered to determine members' entitlement to the interim dividend. Subject as aforesaid, persons whose securities accounts with The Central Depository (Pte) Limited are credited with ordinary shares in the capital of the Company at 5.00pm on the Entitlement Date will be entitled to the interim dividend.

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

Not applicable.

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

The Directors confirm that, to the best of their knowledge, nothing has come to the attention of the Board of Directors which may render the above unaudited financial results for the first quarter ended 31 March 2010 to be false or misleading in any material aspects.

On behalf of the Board of Directors

Tan Guong Ching Director	Neil Montefiore Director

Singapore
6 May 2010

INTERESTED PERSON TRANSACTIONS

	Aggregate value of all transactions conducted under a shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual (excluding transactions less than S$100,000) 1 January to 31 March 2010 S$m
Transactions for the Sale of Goods & Services	
Singapore Telecommunications Limited & its associates	16.3
TeleChoice International Ltd & its associates	0.8
Temasek Holdings (Private) Limited & its associates (other than those disclosed above)	0.3
	17.4
Transactions for the Purchase of Goods & Services	
Singapore Power Limited & its associates	6.4
Singapore Telecommunications Limited & its associates	29.8
STT Communications Ltd and its associates	0.4
TeleChoice International Ltd & its associates	20.5
Temasek Holdings (Private) Limited & its associates (other than those disclosed above)	1.5
	58.6

There are no interested person transactions (excluding transactions less than S$100,000 and transactions conducted under a shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual) entered into by StarHub Ltd and its subsidiaries for the period 1 January to 31 March 2010.