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STARHUB LTD

Announcement of Unaudited Results for the Third Quarter and Nine Months ended 30 September 2010

StarHub is pleased to announce our unaudited results for the third quarter and nine months ended 30 September 2010.

Results for the Third Quarter and Nine Months ended 30 September 2010

1. GROUP INCOME AND COMPREHENSIVE INCOME STATEMENTS

1.1 GROUP INCOME STATEMENT

	Quarter ended 30 Sep			Nine months ended 30 Sep		
	2010 S\$m	2009 S\$m	Incr/(Decr) %	2010 S\$m	2009 S\$m	Incr/(Decr) %
Operating revenue	552.3	537.1	2.8	1,678.7	1,600.1	4.9
Operating expenses	(445.3)	(425.9)	4.6	(1,436.1)	(1,280.9)	12.1
Profit from operations	107.0	111.2	(3.8)	242.6	319.2	(24.0)
Finance income	0.7	0.1	nm	1.7	0.4	nm
Finance expenses ⁽¹⁾	(7.0)	(5.7)	22.6	(19.7)	(18.1)	9.4
Profit before taxation	100.6	105.5	(4.7)	224.6	301.6	(25.5)
Taxation	(18.6)	(20.4)	(8.6)	(41.9)	(56.1)	(25.4)
Profit for the period	82.0	85.2	(3.7)	182.7	245.4	(25.5)
Attributable to:						
Equity holders of the Company	82.0	85.2	(3.7)	182.7	245.4	(25.5)
	82.0	85.2	(3.7)	182.7	245.4	(25.5)
EBITDA	172.4	172.3	0.0	431.9	501.4	(13.9)
EBITDA as a % of service revenue	32.3%	33.4%	(1.1) %pts	26.9%	32.6%	(5.7) %pts
Free Cash Flow ⁽²⁾	78.4	115.3	(32.0)	308.1	378.8	(18.7)
<i>Profit from operations is arrived after charging the following:</i>						
<i>Allowance for doubtful receivables and bad debts written off</i>	5.0	4.4	13.3	13.8	10.2	35.3
<i>Depreciation and amortisation (net of asset grants)</i>	65.4	61.1	7.0	189.2	182.2	3.9

nm – Not meaningful / More than +/- 200%

Notes:

- (1) Finance expenses include interest and other financing charges
- (2) Free Cash Flow refers to net cash flow from operating activities less purchase of fixed assets in the cash flow statement
- (3) Numbers in all tables may not exactly add due to rounding
- (4) Certain comparative figures have been reclassified to conform to current year presentation

1.2 GROUP COMPREHENSIVE INCOME STATEMENT

	Quarter ended 30 Sep			Nine months ended 30 Sep		
	2010 S\$m	2009 S\$m	Incr/(Decr) %	2010 S\$m	2009 S\$m	Incr/(Decr) %
Profit for the period	82.0	85.2	(3.7)	182.7	245.4	(25.5)
Other comprehensive income						
Effective portion of changes in fair value of cash flow hedge (net of tax)	(2.1)	(1.3)	59.3	(3.9)	4.8	nm
Other comprehensive income for the period, net of tax	(2.1)	(1.3)	59.3	(3.9)	4.8	nm
Total comprehensive income for the period	79.9	83.9	(4.7)	178.9	250.2	(28.5)
Attributable to:						
Equity holders of the Company	79.9	83.9	(4.7)	178.9	250.2	(28.5)
	79.9	83.9	(4.7)	178.9	250.2	(28.5)

nm - Not meaningful / More than +/- 200%

2. STATEMENT OF FINANCIAL POSITION

	Group		Company	
	30 Sep 10 S\$m	31 Dec 09 S\$m	30 Sep 10 S\$m	31 Dec 09 S\$m
Non-current assets				
Property, plant and equipment	754.9	785.1	327.3	347.8
Intangible assets	437.7	415.7	159.1	133.9
Subsidiaries	-	-	1,202.1	1,174.1
Deferred tax assets	14.9	5.3	-	-
	1,207.5	1,206.2	1,688.5	1,655.8
Current assets				
Inventories	26.0	28.2	21.1	22.7
Trade receivables	187.3	125.4	180.9	91.4
Other receivables, deposits and prepayments	128.5	116.1	21.9	22.5
Balances with related parties	19.5	22.6	586.4	714.4
Cash and bank balances	246.8	234.2	186.9	132.3
	608.1	526.4	997.3	983.4
Less:				
Current liabilities				
Trade payables and accruals	400.0	377.1	232.0	223.0
Other payables	241.2	196.4	88.5	59.9
Balances with related parties	58.2	42.1	226.7	143.5
Bank loans	365.4	290.4	365.4	290.4
Provision for taxation	42.1	19.5	42.1	19.5
	1,106.9	925.5	954.7	736.2
Net current (liabilities)/assets	(498.8)	(399.0)	42.6	247.1
Non-current liabilities				
Bank loans	475.0	605.4	475.0	605.4
Other payables	42.0	8.1	42.0	8.1
Deferred income	48.8	6.6	-	-
Deferred tax liabilities	89.3	61.2	60.7	47.7
	655.1	681.3	577.7	661.2
Net assets	53.6	125.8	1,153.3	1,241.8
Shareholders' equity				
Share capital	260.1	257.5	260.1	257.5
Reserves	(206.4)	(131.7)	893.2	984.3
Total equity	53.6	125.8	1,153.3	1,241.8

3. GROUP CASH FLOW STATEMENT

	Quarter ended 30 Sep		Nine months ended 30 Sep	
	2010 S\$m	2009 S\$m	2010 S\$m	2009 S\$m
Operating Activities				
Profit before taxation	100.6	105.5	224.6	301.6
Adjustments for :				
Depreciation and amortisation (net of asset grants)	65.4	61.1	189.2	182.2
Fixed assets written off	0.5	1.8	1.6	3.3
Share-based payments expenses	1.7	1.4	4.4	3.6
Changes in fair value of financial instruments	2.4	(1.0)	2.3	(1.6)
Net finance expenses	6.4	5.7	18.0	17.7
Accretion of deferred income related grant	(2.2)	-	(3.1)	-
Other non-cash items	0.1	0.2	0.3	0.4
Operating cash flow before working capital changes	174.8	174.7	437.5	507.2
Changes in working capital	(24.4)	(5.4)	35.9	46.2
Net cash from operating activities	150.4	169.3	473.4	553.4
Investing Activities				
Proceeds from disposal of fixed assets	0.0	0.1	2.0	0.6
Purchase of fixed assets	(72.0)	(54.1)	(165.3)	(174.6)
Interest received	0.9	0.2	1.7	0.4
Net cash used in investing activities	(71.2)	(53.8)	(161.6)	(173.6)
Financing Activities				
Proceeds from issue of shares	0.4	0.7	1.9	1.9
Finance expenses paid	(10.9)	(9.0)	(23.4)	(22.2)
Grants received	10.0	-	35.0	-
Proceeds from loans	-	-	200.0	200.0
Repayment of loans	(25.0)	(28.6)	(255.4)	(217.9)
Dividends paid	(85.8)	(77.0)	(257.3)	(231.1)
Net cash used in financing activities	(111.3)	(113.9)	(299.2)	(269.3)
Net change in cash and cash equivalents	(32.0)	1.7	12.6	110.5
Cash and cash equivalents at beginning of the period	278.8	237.2	234.2	128.3
Cash and cash equivalents at end of the period	246.8	238.9	246.8	238.9

4. GROUP UNSECURED BORROWINGS

	30 Sep 10 S\$m	31 Dec 09 S\$m
Unsecured borrowings		
Amount repayable in one year or less	365.4	290.4
Amount repayable after one year	475.0	605.4
Total	840.4	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	2.2	-	(0.7)	-	-	-	(0.7)	1.5
Share-based payments expenses	-	-	2.7	-	-	-	2.7	2.7
Transfer from treasury shares to share-based payment reserve	-	-	(2.9)	-	2.9	-	-	-
Dividends paid	-	-	-	-	-	(171.5)	(171.5)	(171.5)
Total comprehensive income for the period (net of tax)	-	-	-	(1.8)	-	100.7	98.9	98.9
At 30 Jun 2010	259.7	(276.3)	12.1	(9.2)	(0.0)	71.2	(202.2)	57.5
Issue of shares pursuant to share option, performance shares & restricted stock plans	0.4	-	-	-	-	-	-	0.4
Share-based payments expenses	-	-	1.7	-	-	-	1.7	1.7
Dividends paid	-	-	-	-	-	(85.8)	(85.8)	(85.8)
Total comprehensive income for the period (net of tax)	-	-	-	(2.1)	-	82.0	79.9	79.9
At 30 Sep 2010	260.1	(276.3)	13.7	(11.2)	(0.0)	67.4	(206.4)	53.6
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	1.2	-	-	-	-	-	-	1.2
Share-based payments expenses	-	-	2.2	-	-	-	2.2	2.2
Transfer from treasury shares to share-based payment reserve	-	-	(3.0)	-	3.0	-	-	-
Dividends paid	-	-	-	-	-	(154.0)	(154.0)	(154.0)
Total comprehensive income for the period (net of tax)	-	-	-	6.1	-	160.3	166.4	166.4
At 30 Jun 2009	256.3	(276.3)	7.8	(6.3)	(3.0)	145.2	(132.5)	123.8
Issue of shares pursuant to share option, performance shares & restricted stock plans	0.7	-	-	-	-	-	-	0.7
Share-based payments expenses	-	-	1.4	-	-	-	1.4	1.4
Dividends paid	-	-	-	-	-	(77.0)	(77.0)	(77.0)
Total comprehensive income for the period (net of tax)	-	-	-	(1.3)	-	85.2	83.9	83.9
At 30 Sep 2009	257.0	(276.3)	9.2	(7.6)	(3.0)	153.4	(124.2)	132.8

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	2.2	-	(0.7)	-	-	-	(0.7)	1.5
Share-based payments expenses	-	-	2.7	-	-	-	2.7	2.7
Transfer from treasury shares to share-based payment reserve	-	-	(2.9)	-	2.9	-	-	-
Dividends paid	-	-	-	-	-	(171.5)	(171.5)	(171.5)
Total comprehensive income for the period (net of tax)	-	-	-	(1.9)	-	112.9	111.1	111.1
At 30 Jun 2010	259.7	276.5	12.1	(9.2)	(0.0)	646.5	925.9	1,185.6
Issue of shares pursuant to share option, performance shares & restricted stock plans	0.4	-	-	-	-	-	-	0.4
Share-based payments expenses	-	-	1.7	-	-	-	1.7	1.7
Dividends paid	-	-	-	-	-	(85.8)	(85.8)	(85.8)
Total comprehensive income for the period (net of tax)	-	-	-	(2.1)	-	53.6	51.5	51.5
At 30 Sep 2010	260.1	276.5	13.7	(11.2)	(0.0)	614.3	893.2	1,153.3
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	1.2	-	-	-	-	-	-	1.2
Share-based payments expenses	-	-	2.2	-	-	-	2.2	2.2
Transfer from treasury shares to share-based payment reserve	-	-	(3.0)	-	3.0	-	-	-
Dividends paid	-	-	-	-	-	(154.0)	(154.0)	(154.0)
Total comprehensive income for the period (net of tax)	-	-	-	5.6	-	110.3	115.9	115.9
At 30 Jun 2009	256.3	276.5	7.8	(5.7)	(3.0)	645.0	920.7	1,176.9
Issue of shares pursuant to share option, performance shares & restricted stock plans	0.7	-	-	-	-	-	-	0.7
Share-based payments expenses	-	-	1.4	-	-	-	1.4	1.4
Dividends paid	-	-	-	-	-	(77.0)	(77.0)	(77.0)
Total comprehensive income for the period (net of tax)	-	-	-	(1.6)	-	63.7	62.2	62.2
At 30 Sep 2009	257.0	276.5	9.2	(7.3)	(3.0)	631.7	907.2	1,164.2

6. CHANGES IN COMPANY'S SHARE CAPITAL

Share Capital

As at 30 September 2010, the share capital of the Company amounted to S\$260.1 million or 1,715,750,880 issued ordinary shares (excluding treasury shares) (31 December 2009: 1,712,834,484 ordinary shares, excluding treasury shares).

Issue of new shares

During the quarter, the Company issued 277,013 ordinary shares upon the exercise of options by participants pursuant to the Company's share option plans. The exercise prices ranged from S\$0.88 to S\$1.52 per ordinary share. For the nine months ended 30 September 2010, a total of 1,837,136 new ordinary shares were issued.

Treasury Shares

As at 30 September 2010, the treasury share balance amounted to S\$35K or 12,740 treasury shares (30 September 2009: 1,092,000 ordinary shares). There was no new purchase or transfer of treasury shares by the Company in 3Q-2010, and for year-to-date, a total of 1,079,260 treasury shares were transferred to participants of the Company's share plans.

Outstanding Shares – Employees' Share-Based Plans

Share Option Plans

As at 30 September 2010, the outstanding balance of unexercised options under the Company's share option plans totaled 4,237,161 (30 September 2009: 6,438,525) or 0.2% of total issued shares in the capital of the Company.

Performance Share Plan

As at 30 September 2010, the outstanding balance of conditional awards under the Performance Share Plan was 1,243,750 ordinary shares (30 September 2009: 1,563,000).

Under the StarHub's Performance Share Plan, 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

As at 30 September 2010, the outstanding balance of conditional awards under the Restricted Stock Plan was 4,913,985 ordinary shares (30 September 2009: 4,643,980).

Under the StarHub's Restricted Stock Plan, 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 financial statements have not been audited or reviewed.

8. AUDITORS' REPORT

Not applicable.

9. ACCOUNTING POLICIES

The Group and the Company have 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 30 Sep		Nine months ended 30 Sep	
	2010	2009	2010	2009
Basic				
Earnings per share	4.78 cents	4.97 cents	10.66 cents	14.34 cents
Weighted average number of shares ('000)	1,715,662	1,712,160	1,715,043	1,711,474
Diluted				
Earnings per share	4.76 cents	4.95 cents	10.60 cents	14.26 cents
Weighted average number of shares ('000)	1,723,880	1,721,279	1,723,422	1,720,669

12. NET ASSET VALUE PER ORDINARY SHARE

	Group		Company	
	30 Sep 2010	31 Dec 2009	30 Sep 2010	31 Dec 2009
Net asset value per share	3.1 cents	7.3 cents	67.2 cents	72.5 cents

13. REVIEW OF GROUP PERFORMANCE

	Quarter ended 30 Sep				Nine months ended 30 Sep			
	2010 S\$m	2009 S\$m	Incr / (Decr) S\$m	%	2010 S\$m	2009 S\$m	Incr / (Decr) S\$m	%
Operating revenue	552.3	537.1	15.2	2.8	1,678.7	1,600.1	78.7	4.9
Operating expenses	(445.3)	(425.9)	19.4	4.6	(1,436.1)	(1,280.9)	155.2	12.1
Profit from operations	107.0	111.2	(4.2)	(3.8)	242.6	319.2	(76.6)	(24.0)
Finance income	0.7	0.1	0.6	nm	1.7	0.4	1.3	nm
Finance expenses	(7.0)	(5.7)	1.3	22.6	(19.7)	(18.1)	1.7	9.4
Profit before taxation	100.6	105.5	(4.9)	(4.7)	224.6	301.6	(76.9)	(25.5)
Taxation	(18.6)	(20.4)	(1.8)	(8.6)	(41.9)	(56.1)	(14.2)	(25.4)
Profit for the period	82.0	85.2	(3.2)	(3.7)	182.7	245.4	(62.7)	(25.5)
EBITDA	172.4	172.3	0.1	0.0	431.9	501.4	(69.5)	(13.9)
Service revenue	534.1	515.7	18.4	3.6	1,605.8	1,536.5	69.4	4.5
EBITDA as a % of service revenue	32.3%	33.4%	(1.1) %pts		26.9%	32.6%	(5.7) %pts	

nm – Not meaningful / More than +/- 200%

Results for the period ended 30 September 2010

For the quarter ended 30 September 2010, the Group's operating revenue amounted to S\$552.3 million, 3% or S\$15.2 million higher than 3Q-2009 due mainly to higher service revenue year-on-year. For the nine-month period, operating revenue increased 5% to S\$1,678.7 million this year due to higher service revenue and handset sales.

Total service revenue for the quarter amounted to S\$534.1 million. This was S\$18.4 million or 4% higher than 3Q-2009. In the quarter, Mobile registered a 8% year-on-year increase in service revenue, driven by higher subscription revenue from the post paid mobile services; Fixed network services registered a 7% year-on-year increase in revenue due to growth in both its data and voice services; Pay TV recorded a 8% lower revenue year-on-year due mainly to a reduction in Sports package subscription price from S\$25 per month to S\$12 per month, effective June 2010; and Broadband services revenue was 1% lower due to increased competitive pressure. For the nine-month period, total service revenue was 5% higher year-on-year at S\$1,605.8 million with all services, other than Broadband, contributing higher revenue year-on-year. Broadband services revenue for the nine months was 2% lower year-on-year.

For the quarter, revenue from sales of equipment was 15% lower year-on-year at S\$18.2 million due to a lower quantity of mobile handsets sold. Year-to-date, total revenue from sales of equipment increased S\$9.3 million or 15% year-on-year to S\$72.9 million as a result of a higher quantity of mobile handsets sold, with the Apple iPhone being the most popular smart phone model to-date.

The breakdown of operating revenue and percentage mix by lines of business for the quarter and nine months ended 30 September are tabulated below:

	Quarter ended 30 Sep				Nine months ended 30 Sep			
	2010 S\$m	2009 S\$m	Incr / (Decr) S\$m	%	2010 S\$m	2009 S\$m	Incr / (Decr) S\$m	%
Operating revenue								
Mobile revenue	298.3	276.8	21.4	7.7	878.6	813.4	65.1	8.0
Pay TV revenue	92.4	100.3	(7.9)	(7.9)	303.6	302.9	0.8	0.3
Broadband revenue	58.3	58.8	(0.5)	(0.8)	177.0	181.4	(4.4)	(2.4)
Fixed network services revenue	85.1	79.8	5.4	6.7	246.7	238.8	7.9	3.3
Total service revenue	534.1	515.7	18.4	3.6	1,605.8	1,536.5	69.4	4.5
Sale of equipment	18.2	21.4	(3.3)	(15.2)	72.9	63.6	9.3	14.6
Total	552.3	537.1	15.2	2.8	1,678.7	1,600.1	78.7	4.9

	Quarter ended 30 Sep		Nine months ended 30 Sep	
	2010 Mix %	2009 Mix %	2010 Mix %	2009 Mix %
Operating revenue mix				
Mobile revenue	54.0	51.5	52.3	50.8
Pay TV revenue	16.7	18.7	18.1	18.9
Broadband revenue	10.5	10.9	10.5	11.3
Fixed network services revenue	15.4	14.9	14.7	14.9
Sale of equipment	3.3	4.0	4.3	4.0
Total	100.0	100.0	100.0	100.0

Profitability

For the quarter, the Group's operations continued to be impacted by high operating expenses, which increased 5% year-on-year. Total operating expenses for the quarter amounted to S\$445.3 million, comprising S\$202.3 million for cost of sales and S\$242.9 million for other operating expenses. For the quarter, the high costs of acquisitions and re-contracts continued, particularly in the mobile business, where the cost of equipment sold for the quarter was S\$61.4 million, a 17% increase over last year. This increase was mitigated by lower cost of services from the pay TV business as we avoided the cost for the Barclays Premier League (BPL) sports content for the 2010 season commencing this quarter. In addition, other operating expenses which included staff costs, operating leases, depreciation and other supporting general and administrative expenses increased 8% year-on-year for the quarter.

Operating revenue, on the other hand, grew at a slower pace of 2.8% year-on-year to amount to S\$552.3 million for the quarter. This resulted in the Group's profit from operations being S\$107.0 million in 3Q-2010, which was 4% lower year-on-year.

Year-to-date, profit from operations decreased 24% to S\$242.6 million impacted by a 12% increase in operating expenses, while operating revenue registered only a 5% growth year-on-year. Cost of sales increased 17% year-on-year for the nine-month period, with cost of equipment accounting for 83% of this increase, while other operating expenses increased 8% year-on-year for the nine months.

The Group's EBITDA for the quarter was stable at S\$172.4 million, comparable to that in 3Q-2009. As a percentage of service revenue, this was 32.3%. For the nine-month period, Group EBITDA amounted to S\$431.9 million or 26.9% of service revenue. This was 5.7 percentage points lower than last year.

Against the same periods last year, finance income increased S\$0.6 million to S\$0.7 million for the quarter and was up by S\$1.3 million to S\$1.7 million year-to-date. The higher income was mainly due to more "short term" deposits placed. Finance expenses for the quarter and year-to-date amounted to S\$7.0 million and S\$19.7 million respectively. This was 23% and 9% increase over the corresponding periods last year, on account of upfront facility and commitment fees paid for new bank loan facilities secured in 2010.

Consequently, the Group's profit before taxation for the quarter was S\$4.9 million or 5% lower year-on-year at S\$100.6 million. For the nine-month period, the Group's profit before taxation was 26% lower year-on-year at S\$224.6 million.

On account of the lower profits generated, taxation for the quarter and year-to-date was lower at S\$18.6 million and S\$41.9 million respectively.

The Group's profit after taxation amounted to S\$82.0 million for the quarter, 4% lower than 3Q-2009. For the nine months ended 30 September 2010, profit after taxation at S\$182.7 million was 26% lower than last year due to higher smart phone and content costs in the 1st half of this year.

Mobile Service Revenue

	Quarter ended 30 Sep				Nine months ended 30 Sep			
	2010 S\$m	2009 S\$m	Incr / (Decr) S\$m %		2010 S\$m	2009 S\$m	Incr / (Decr) S\$m %	
Mobile revenue								
Post-paid	230.9	211.3	19.6	9.3	680.2	619.3	60.9	9.8
Pre-paid	67.4	65.5	1.8	2.8	198.4	194.2	4.2	2.2
Total	298.3	276.8	21.4	7.7	878.6	813.4	65.1	8.0

	Quarter ended			Nine months ended		YoY
	30 Sep 2010	30 Jun 2010	30 Sep 2009	30 Sep 2010 2009		Incr/(Decr) %
Mobile operating statistics						
Number of registered customers (in thousands)						
Post-paid	1,024	994	923	1,024	923	11.0
Pre-paid	1,097	1,062	961	1,097	961	14.1
Total	2,121	2,056	1,884	2,121	1,884	12.6
Monthly minutes of use per registered customer						
Post-paid	371	381	426	379	434	(12.6)
Pre-paid	523	544	568	541	558	(3.0)
Average monthly SMS per registered user (originating)						
Post-paid	262	255	253	258	245	5.2
Pre-paid	146	147	152	149	140	6.3
Total MMS traffic (in millions)	4.0	4.0	3.8	12.3	11.2	9.4
Mobile Data Traffic (in GBytes)						
Post-paid	3,467,101	3,352,043	2,188,162	9,749,090	4,809,574	102.7
Pre-paid	32,466	21,690	9,111	76,350	10,082	657.3
ARPU with IDD included (S\$ per month)						
Post-paid	69	70	69	69	69	1.0
Pre-paid	21	21	23	22	24	(8.8)
Non-voice service as a contribution to ARPU						
Post-paid	35.9%	35.1%	31.1%	35.5%	30.2%	-
Pre-paid	14.5%	13.4%	12.1%	13.5%	11.7%	-
Average acquisition cost per gross connection (S\$)	124	109	74	118	77	54.3
Average monthly churn rate (post-paid)	1.0%	1.1%	1.2%	1.1%	1.1%	-
Singapore mobile penetration ⁽¹⁾	140.6%	140.7%	134.5%	140.6%	134.5%	-
Market Share ⁽¹⁾	29.5%	29.3%	28.1%	29.5%	28.1%	-

Note:

(1) Source : IDA (As at August 2010)

Post-paid mobile services

On the back of a 11% increase in the post-paid customer base and higher subscription rates for mobile “SmartSurf” plans, Post-paid mobile services revenue for the quarter

increased S\$19.6 million or 9% to S\$230.9 million, and for the nine-month period, was 10% higher at S\$680.2 million when compared to the same periods last year.

As at 30 September 2010, Post-paid mobile customer base stood at 1,024K after a net add of 30K customers for the quarter and 85K for the nine-month period.

Against the same periods last year, Post-paid ARPU was maintained at S\$69 for both the quarter and nine-month period. Non-voice services as a percentage of the ARPU were higher at 35.9% for the quarter and 35.5% for the nine-month period, compared to 31.1% in 3Q-2009 and 30.2% respectively last year. This was due to the increasing take-up of "SmartSurf" plans (subscription plans with a 12G mobile data included in the monthly subscription price) when customers acquire or re-contract their mobile services together with new smart phones or iPhones. The increasing usage of data services (texting, emailing and surfing) have also resulted in lower voice minutes of use each month. Post-paid monthly minutes of use per customer were 13% lower year-on-year at 371 minutes in 3Q-2010 and 379 minutes for the nine-month period.

Post-paid monthly average churn at 1.0% was down from 1.2% in 3Q-2009, and for year-to-date, average churn was stable at 1.1%.

Pre-paid mobile services

Pre-paid mobile services revenue was up 3% to S\$67.4 million for the quarter, and for the nine-month period, increased S\$4.2 million or 2% to S\$198.4 million over an expanded customer base.

As at 30 September 2010, Pre-paid mobile customer was 1,097K with a net add of 35K for the quarter and 117K for year-to-date. Compared to a year ago, this was 14% higher.

Year-on-year, Pre-paid ARPU was S\$2 lower at S\$21 for the quarter and S\$22 for the nine-month period. The lower ARPU was due to decrease in voice usages. During the year, we saw good take-up of our Pre-paid data plans and usage which drove data traffic to increase by more than 3 times year-on-year to 32K Gigabytes for the quarter and 657% to 76K Gigabytes for the nine months. As a percentage of our Pre-paid ARPU, such non-voice services now comprise a higher percentage at 14.5% for the quarter and 13.5% for the nine-month period when compared to 12.1% and 11.7% in the same periods last year.

Acquisition Cost per gross connection

As mentioned previously, the introduction of the Apple iPhones in December last year and the continued popularity of such smart phone devices have resulted in higher costs of acquisitions and recontracts this year. As a result, the average acquisition cost per gross connection this quarter at S\$124, was S\$50 or 68% more than that in 3Q-2009. Year-to-date, average blended acquisition costs was 54% higher year-on-year at S\$118.

Total mobile services

Overall, the Group's mobile services revenue grew 8% year-on-year to S\$298.3 million for the quarter and S\$878.6 million for the nine-month period. As a percentage of total revenue mix, Mobile services revenue accounted for 54.0% in 3Q-2010 and 52.3% for year-to-date, up from 51.5% and 50.8% in corresponding periods last year.

Pay TV Revenue

	Quarter ended 30 Sep				Nine months ended 30 Sep			
	2010	2009	Incr / (Decr)		2010	2009	Incr / (Decr)	
	S\$m	S\$m	S\$m	%	S\$m	S\$m	S\$m	%
Pay TV revenue	92.4	100.3	(7.9)	(7.9)	303.6	302.9	0.8	0.3

Pay TV operating statistics	Quarter ended			Nine months ended		YoY
	30 Sep	30 Jun	30 Sep	30 Sep		Incr/(Decr)
	2010	2010	2009	2010	2009	%
Number of residential Pay TV customers (in thousands)	537	541	535	537	535	0.3
ARPU (S\$ per month)	50	56	56	54	57	(5.2)
Average monthly churn rate	1.2%	1.2%	0.9%	1.1%	0.9%	-
StarHub's penetration	45.9%	46.5%	46.5%	45.9%	46.5%	-

The current quarter's Pay TV revenue was S\$7.9 million or 8% lower at S\$92.4 million. Despite a 2K increase in Pay TV customer base year-on-year, the increased revenue from these non-Sports packages was insufficient to offset the impact of churn and lower subscription revenue from the Sports group following the reduction in monthly subscription price from S\$25 to S\$12 in June 2010. Customers' churn for the quarter increased with the post-World Cup event in July 2010 and the churn of Sports subscribers post-BPL loss. Average monthly churn for the quarter was higher at 1.2% compared to 0.9% in 3Q-2009.

For the nine months, Pay TV revenue at S\$303.6 million was higher than last year due mainly to the screening of the FIFA World Cup over June and July this year. Excluding the World Cup revenue, Pay TV revenue would reflect a 3% decrease year to-date due to the lower sports pricing despite an increase in the Pay TV customer base.

As at 30 September 2010, Pay TV customer base totaled 537K, up 2K compared to last year.

Excluding World Cup revenue, ARPU for the quarter and year-to-date amounted to S\$49 and S\$53 respectively. Compared to the same periods last year, this was S\$7 lower for the quarter and S\$4 lower for the nine-month period. The decrease for the quarter was largely due to the downward subscription price revision for the Sports Group package in June 2010, and changes in subscription mix towards more value packs bundles that offer higher package discounts.

Broadband Revenue

	Quarter ended 30 Sep				Nine months ended 30 Sep			
	2010	2009	Incr / (Decr)		2010	2009	Incr / (Decr)	
	S\$m	S\$m	S\$m	%	S\$m	S\$m	S\$m	%
Broadband revenue	58.3	58.8	(0.5)	(0.8)	177.0	181.4	(4.4)	(2.4)

Broadband operating statistics	Quarter ended			Nine months ended		YoY
	30 Sep	30 Jun	30 Sep	30 Sep		Incr/(Decr)
	2010	2010	2009	2010	2009	%
Number of residential broadband customers - subscription-based (in thousands)	412	408	392	412	392	5.1
ARPU (S\$ per month)	47	48	50	47	52	(8.6)
Average monthly churn rate	1.2%	1.6%	1.2%	1.3%	1.2%	-

Compared to the same periods last year, Broadband revenue was S\$0.5 million or 1% lower at S\$58.3 million in 3Q-2010, and for the nine months, revenue decreased S\$4.4 million or 2% to S\$177.0 million. This business continues to face pricing pressure and challenges as new players disrupt the market with attractive early adopters pricing packages and free commercial trials for the newly launched fibre broadband services on the Next Generation National Broadband Network (NGNBN) which is being rolled out.

During the quarter, the access speeds for various of our MaxOnline service plans were upgraded to enhance the value of our cable broadband services portfolio and our newly launched MaxInfinity fibre broadband services on the NGNBN. Commercial trial for our fibre broadband services has also begun. Promotional hubbing offers for our enhanced MaxOnline services saw good customers' response. For the quarter, we net-added 4K customers to our Broadband customers' base which now stands at 412K customers as at 30 September 2010, an increase of 20K customers from a year ago.

The higher subscriber mix on lower speed price plans and promotional discounts offered to drive take up of home hubbing packs resulted in lowering the overall Broadband ARPU in the current year. Broadband ARPU for the quarter and nine-month period at S\$47 was S\$3 and S\$5 lower respectively when compared to last year.

Average monthly churn for the quarter was maintained at the same rate as last year at 1.2%. For the nine months, average monthly churn was higher at 1.3% due to the high churn in 2Q-2010 with a certain group of customers choosing to leave at the expiry of their contracts.

Fixed Network Services Revenue

	Quarter ended 30 Sep				Nine months ended 30 Sep			
	2010	2009	Incr / (Decr)		2010	2009	Incr / (Decr)	
Fixed Network Services Revenue	S\$m	S\$m	S\$m	%	S\$m	S\$m	S\$m	%
Data & internet	71.2	67.4	3.8	5.7	207.6	202.5	5.1	2.5
Voice services	13.9	12.4	1.5	12.5	39.0	36.3	2.7	7.6
Total	85.1	79.8	5.4	6.7	246.7	238.8	7.9	3.3

Fixed Network services revenue amounted to S\$85.1 million for the quarter, 7% more than 3Q-2009, and for year-to-date, increased 3% year-on-year to S\$246.7 million. Both Data & Internet and Voice services contributed to the higher revenue year-on-year.

This quarter's Data & Internet revenue at S\$71.2 million was up S\$3.8 million or 6% when compared to 3Q-2009, on the back of higher subscription of domestic leased circuits and Backhaul services. For year-to-date, Data & Internet revenue increased S\$5.1 million or 3% to S\$207.6 million.

Voice services revenue was S\$1.5 million or 13% higher at S\$13.9 million due to higher interconnect revenue from international carriers this quarter. Year-to-date, Voice services revenue increased S\$2.7 million or 8% to S\$39.0 million, primarily due to higher revenue from Digital Voice and other local voice services.

Hubbing (Multi-Service Households)

Hubbing Metrics	As at			YoY Incr/(Decr) %
	30 Sep 2010	30 Jun 2010	30 Sep 2009	
Total Singapore occupied homes (in thousands, estimated) ⁽¹⁾	1,165	1,165	1,145	1.7
Total hubbing households with at least one service of post-paid mobile, pay TV and/or broadband services (in thousands)	791	789	781	1.3
Percentage of total hubbing households which subscribe to any two services	30.7%	30.7%	30.8%	(0.1)% pts
Percentage of total hubbing households which subscribe to all three services	24.4%	24.2%	23.4%	1.0% pts
Total hubbing households which subscribe to two or more services	55.1%	54.9%	54.2%	0.9% pts

Note:

(1) Source: Nielsen Media Research for 2009 estimates

During the quarter, we continue to drive more Hubbing promotions for our mobile, broadband and pay TV services. We added 2K more households to our total hubbing households, bringing the base to a total of 791K households as at 30 September 2010. This was 10K more hubbing households when compared to 781K in 3Q-2009. As a percentage

of total occupied homes in Singapore, our hubbing households were stable at 68% as at 30 September 2010.

As at 30 September 2010, the number of households subscribing to more than one StarHub service increased to 55.1% from 54.2% last year.

Our Hub Club customer base (Households with all 3 hubbing services) stood at 193K as at 30 September 2010, 6% higher than 3Q-2009. Our Hub Club now represents 24.4% of our overall hubbing households, which was 1 percentage point higher than last year.

Operating expenses

	Quarter ended 30 Sep				Nine months ended 30 Sep			
	2010	2009	Incr / (Decr)		2010	2009	Incr / (Decr)	
Operating expenses	S\$m	S\$m	S\$m	%	S\$m	S\$m	S\$m	%
Cost of sales	202.3	200.5	1.8	0.9	702.8	599.3	103.5	17.3
Other operating expenses	242.9	225.4	17.6	7.8	733.2	681.5	51.7	7.6
Total	445.3	425.9	19.4	4.6	1,436.1	1,280.9	155.2	12.1

Total operating expenses for the quarter and year-to-date amounted to S\$445.3 million and S\$1,436.1 million respectively. Against the same periods last year, this was 5% increase for the quarter and 12% higher for the nine-month period. As a percentage of operating revenue, total operating expenses ratio was higher at 80.6% for the quarter and 85.5% for year-to-date as compared to 79.3% and 80.0% in the same periods last year.

The breakdown of the cost of sales is as follows:

Cost of sales

	Quarter ended 30 Sep				Nine months ended 30 Sep			
	2010	2009	Incr / (Decr)		2010	2009	Incr / (Decr)	
Cost of sales	S\$m	S\$m	S\$m	%	S\$m	S\$m	S\$m	%
Cost of equipment sold	61.4	52.3	9.0	17.2	236.6	150.4	86.2	57.3
Cost of services	74.4	82.8	(8.4)	(10.1)	265.7	250.9	14.8	5.9
Traffic expenses	66.6	65.4	1.2	1.8	200.6	198.1	2.5	1.3
Total	202.3	200.5	1.8	0.9	702.8	599.3	103.5	17.3

For the quarter, total cost of sales increased by S\$1.8 million or 1% to S\$202.3 million. The year-on-year increase in cost of equipment sold was partially mitigated by a lower cost of services. For the nine months, cost of sales was 17% higher at S\$702.8 million, with increase mainly contributed by cost of equipment sold and cost of services. As a percentage of operating revenue, total cost of sales was slightly lower at 36.6% for the quarter as compared to 37.3% in 3Q-2009, and for the nine months, the ratio was high at 41.9%, compared to 37.5% last year.

For the quarter, cost of equipment sold increased 17% year-on-year to S\$61.4 million. For the nine months, this was 57% higher at S\$236.6 million. As mentioned previously, the introduction of the iPhone in December 2009 and its popularity, and many other newer smart phone devices have generally driven costs up. The quarter's higher costs of

equipment sold were a result of a higher mix of costlier iPhones compared to other smart phones. However, total quantity of equipment sold in the quarter was lower when compared to the corresponding quarter last year. For the nine months, the year-on-year increase was on the back of higher handsets sales and higher average cost per unit. Consequently, cost of equipment sold as a percentage of operating revenue was higher at 11.1% for the quarter and 14.1% for the nine-month period as compared to 9.7% and 9.4% in the corresponding periods last year.

Cost of services decreased S\$8.4 million or 10% to S\$74.4 million in 3Q-2010. Starting this quarter, there would be no BPL content costs in our pay TV cost of services. Instead, new sports, Video-On-Demand and lifestyle contents were added to expand our programming to our viewers. The increased costs from the new content partially offset the savings from the non-carriage of BPL. Year-to-date, cost of services increased S\$14.8 million or 6% year-on-year to S\$265.7 million, due mainly to the World Cup 2010 content costs this year, higher costs for new and renewed pay TV content agreements, offsetting the BPL costs avoided. As a percentage of operating revenue, this quarter's cost of services was lower at 13.5% as compared to 15.4% in 3Q-2009. For the nine months, the ratio was maintained at 15.8%.

Against the same periods last year, traffic expenses for the quarter and nine-month period increased 2% and 1% respectively to S\$66.6 million in 3Q-2010 and S\$200.6 million year-to-date. During the year, we continued to improve and lower the interconnection rates with our carrier partners, which helped to contain the increase in traffic costs as mobile traffic minutes grew year-on-year.

Other operating expenses

	Quarter ended 30 Sep				Nine months ended 30 Sep			
	2010	2009	Incr / (Decr)		2010	2009	Incr / (Decr)	
Other operating expenses	S\$m	S\$m	S\$m	%	S\$m	S\$m	S\$m	%
Staff costs	60.4	51.7	8.7	16.9	185.3	152.1	33.1	21.8
Operating lease	36.1	34.8	1.2	3.6	109.1	109.0	0.1	0.1
Marketing and promotion	34.6	36.2	(1.6)	(4.5)	119.4	114.4	5.0	4.4
Allowance for doubtful receivables	5.0	4.4	0.6	13.3	13.8	10.2	3.6	35.3
Repair and maintenance	18.4	16.5	1.9	11.5	54.0	48.6	5.4	11.1
Other expenses	23.1	20.6	2.5	12.0	62.5	65.1	(2.6)	(4.0)
Sub total	177.6	164.3	13.3	8.1	544.0	499.4	44.6	8.9
Depreciation and amortisation	65.4	61.1	4.3	7.0	189.2	182.2	7.1	3.9
Total	242.9	225.4	17.6	7.8	733.2	681.5	51.7	7.6

Total other operating expenses were up 8% year-on-year. For the quarter, total other operating expenses amounted to S\$242.9 million and for the nine months, this was S\$733.2 million. As a percentage of operating revenue, total other operating expenses were up 2 percentage points to 44.0% this quarter, and for the nine months, were 43.7% of operating revenue, up from 42.6% last year.

Staff costs

Year-on-year, staff costs increased 17% for the quarter to amount to S\$60.4 million in 3Q-2010 due to headcount and salary increases. For the nine months, staff costs increased 22% year-on-year. As mentioned previously, the year-to-date staff costs included an

additional S\$12 million charge for 2009 bonuses paid in March this year. Excluding this, the staff costs increase for the nine months would show a 14% increase year-on-year. Staff costs, for comparative periods last year, were lower due to job credits received from the Government, which were gradually reduced to zero this year by 2Q-2010. As a percentage of operating revenue, staff costs increased to 10.9% for the quarter and 11.0% for year-to-date, as compared to 9.6% and 9.5% in the same periods last year.

Operating lease

Operating lease for the quarter was 4% higher at S\$36.1 million due to higher international capacity leases and rentals for co-location space. For year-to-date, operating lease expenses were S\$109.1 million. The increase in international capacity leases, fixed and mobile networks base stations rentals were mitigated by lower office rental expenses as the 2009 charge included additional short term office lease extensions while we moved out of our old premises. As a percentage of operating revenue, operating lease ratio was 6.5% for both the quarter and year-to-date periods.

Marketing and promotion

Compared to 3Q-2009, this quarter's marketing and promotion expenses decreased S\$1.6 million or 5% to S\$34.6 million, primarily due to lower customers' retention costs. For the nine-month period, marketing and promotion expenses were higher by S\$5.0 million or 4% to S\$119.4 million due to increased roadshows and marketing promotions for acquisitions and recontracts. As a percentage of operating revenue, marketing and promotion was lower at 6.3% in 3Q-2010 as compared to 6.7% in 3Q-2009. For the year-to-date period, this was maintained at 7.1% for both years.

Allowance for doubtful receivables

Allowance for doubtful receivables this year was S\$0.6 million higher at S\$5.0 million for the quarter and S\$3.6 million higher at S\$13.8 million for the nine-month period. As a percentage of service revenue, allowance for doubtful receivables was 0.9% for the quarter and year-to-date, which was higher than the 0.7% for the nine-month period last year. The increase in ratio was in line with our provisioning policy for credit receivables, which is based on the ageing of the receivables. In the current year, as we migrated to a new business support system, we have to delay customers' dunning and billing activities which resulted in a higher percentage of receivables in the older age groups and late billings.

Repair and maintenance

Year-on-year, repair and maintenance increased S\$1.9 million to S\$18.4 million in 3Q-2010 and for year-to-date, was S\$5.4 million or 11% higher at S\$54.0 million. The increase was mainly attributed to higher maintenance costs incurred on the expanded network infrastructure and information systems asset base. As a percentage of operating revenue, repair and maintenance was marginally higher at 3.3% in 3Q-2010 and 3.2% for year-to-date as compared to 3.1% and 3.0% in the corresponding periods last year.

Other expenses

Compared to 3Q-2009, this quarter's other expenses were S\$2.5 million or 12% higher at S\$23.1 million. Included in this quarter's other expenses were S\$3.8 million foreign exchange loss as against S\$2.9 million foreign exchange gain in 3Q-2009, network construction and other cost recoveries of S\$2.1 million, and S\$1.3 million of lower fixed assets written off. Year-to-date, other expenses were S\$2.6 million lower at S\$62.5 million this year. Foreign exchange differences were a loss of S\$1.9 million this year compared to a gain of S\$1.5 million last year, cost recoveries was S\$4.2 million higher and fixed assets written off was S\$1.7 million lower year-on-year. Other expenses as a ratio of operating

revenue were 4.2% for the quarter and 3.7% for year-to-date as compared to 3.8% in 3Q-2009 and 4.1% last year.

Depreciation and amortisation

For the quarter, depreciation and amortisation expenses was S\$4.3 million or 7% higher year-on-year at S\$65.4 million, and for the nine months, increased 4% to S\$189.2 million as compared to S\$182.2 million last year. The higher expenses were mainly driven by 6% increase in the Group's gross fixed assets base. As a percentage of operating revenue, depreciation and amortisation was 11.8% for the quarter and 11.3% for year-to-date as compared to 11.4% in the corresponding periods last year.

Liquidity and Capital Resources

	Quarter ended 30 Sep		Nine months ended 30 Sep	
	2010 S\$m	2009 S\$m	2010 S\$m	2009 S\$m
Operating Activities				
Profit before taxation	100.6	105.5	224.6	301.6
Non-cash items & net finance expenses adjustments	74.2	69.2	212.8	205.6
Net change in working capital	(24.4)	(5.4)	35.9	46.2
Net cash from operating activities	150.4	169.3	473.4	553.4
Investing Activities				
Proceeds from disposal of fixed assets	0.0	0.1	2.0	0.6
Purchase of fixed assets	(72.0)	(54.1)	(165.3)	(174.6)
Interest received	0.9	0.2	1.7	0.4
Net cash used in investing activities	(71.2)	(53.8)	(161.6)	(173.6)
Financing Activities				
Proceeds from issue of shares	0.4	0.7	1.9	1.9
Finance expenses paid	(10.9)	(9.0)	(23.4)	(22.2)
Grants received	10.0	-	35.0	-
Proceeds from loans	-	-	200.0	200.0
Repayment of loans	(25.0)	(28.6)	(255.4)	(217.9)
Dividends paid	(85.8)	(77.0)	(257.3)	(231.1)
Net cash used in financing activities	(111.3)	(113.9)	(299.2)	(269.3)
Net change in cash and cash equivalents	(32.0)	1.7	12.6	110.5
Cash and cash equivalents at beginning of the period	278.8	237.2	234.2	128.3
Cash and cash equivalents at end of the period	246.8	238.9	246.8	238.9
Free Cash Flow ⁽¹⁾	78.4	115.3	308.1	378.8

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 was S\$18.9 million lower at S\$150.4 million due to negative change in working capital of S\$24.4 million, which comprised of higher trade receivables and accrued revenue, mitigated by higher trade payables and accruals, and balances due to related parties. Year-to-date, net cash from operating

activities was S\$80.0 million lower at S\$473.4 million this year as a result of the lower profits from operations.

Capex payments for the quarter were S\$17.9 million higher than last year, totaling S\$72.0 million. Year-to-date capex payments amounted to S\$165.3 million, representing 9.8% of operating revenue to-date.

Consequently, free cash flow for the quarter amounted to S\$78.4 million, S\$36.9 million lower than 3Q-2009 and for the nine-month period, was S\$70.7 million lower than last year at S\$308.1 million.

As at 30 September 2010, the Group's total outstanding capital expenditure commitments amounted to S\$153.4 million, down from S\$173.3 million a year ago. The reduction was due to the completion of the customer management information system in this quarter and its capitalisation to fixed assets in the quarter. The Group's current outstanding capital expenditure commitments are for ongoing commitments for our fixed and mobile network infrastructure expansion, the NGNBN rollout and investments in set-top boxes.

For the quarter, the Group received another S\$10 million grant from Infocomm Development Authority of Singapore (IDA) for the NGNBN project. A total of S\$35 million grant have been received for the nine months ended 30 September 2010.

As at 30 September 2010, the Group's cash and cash equivalents amounted to S\$246.8 million, up from S\$238.9 million a year ago.

Gearing

As at 30 September 2010, the Group's gross debts were S\$840.4 million, S\$55.4 million lower compared to the level of S\$895.8 million as at 31 December 2009. After netting off cash balance of S\$246.8 million, net debt as at 30 September 2010 amounted to S\$593.6 million, 10% lower compared to 31 December 2009. As a ratio of 2009 EBITDA, the Group's net debt to EBITDA ratio has improved to 0.91 times as at 30 September 2010, compared to 1.01 times a year ago.

Statement of Financial Position

The Group's non-current assets totaled S\$1,207.5 million as at 30 September 2010. This was S\$1.3 million higher compared to 31 December 2009 from higher deferred tax assets and intangible assets, offset by lower net book values for property, plant and equipment.

Against 31 December 2009, total current assets were up S\$81.7 million to S\$608.1 million as at 30 September 2010. The increase was largely attributed to higher trade receivables, other receivables, deposits and prepayments, as well as cash and bank balances.

Total current liabilities increased to S\$1,106.9 million from S\$925.5 million as at 31 December 2009. This was primarily due to higher current portion of bank loans, other payables, trade payables and accruals, provision for taxation and balances due to related parties.

The S\$130.4 million decrease in the non-current portion of bank loans from 31 December 2009, offset the aggregate S\$104.2 million increase in deferred grants, other payables and

deferred tax liabilities balances, to result in lower overall Group's non-current liabilities as at 30 September 2010 at S\$655.1 million.

As at 30 September 2010, the Group's shareholder's equity was lower at S\$53.6 million, compared to S\$125.8 million as at 31 December 2009. This was due to net movement in reserves comprising S\$257.3 million of dividends paid and accumulation of S\$182.7 million of retained profits generated year-to-date.

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

For the nine-month period, the Group's overall operating revenue increased 5% year-on-year, tracking our guidance of low single digit revenue growth for 2010.

Year-to-date EBITDA, as a percentage of service revenue, was 26.9%. Our guidance for our full year EBITDA was 28% of service revenue. The current quarter's EBITDA margin of 32.3% showed improvement from 1Q and 2Q this year as benefits begin to accrue from the high investment in smart phones and lower pay TV content costs.

Year-to-date capex payments average 10% of operating revenue, below our full year guidance of not exceeding 14% of operating revenue.

15. GROUP OUTLOOK

As announced recently by the Ministry of Trade and Industry, the Singapore economy remains on track to achieve the forecasted growth of 13% to 15% for 2010.

For 4Q-2010, we expect to see an increase in marketing and festive promotions for all our mobile, broadband and pay TV services, similar to previous years. We also expect to see more new models of smart phones, including entry-level Android handsets, to be launched during the festive season. The smart phones will continue to enjoy strong demand in the market and customers' acquisition and recontract costs will remain high.

With regards to the NGNBN project, our subsidiary, Nucleus Connect (NC) is on track to meet its various performance obligations and receive the government rollout grants. NC has begun offering its fibre services commercially as at 31 August 2010. As such, we do not expect to see any meaningful revenue contribution to the Group this year.

On the Pay TV front, following the media code consultation with key industry members, the earlier proposed 1 September 2010 date for the implementation of cross carriage of exclusive contents has been deferred to the 1st half of 2011. This is to allow pay TV operators and content providers to work through the operational and other details when the new measure becomes effective.

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 Group EBITDA margin to be around 28% of service revenue. Based on our outstanding capex commitments and current project completion schedules, we expect capex payments for the year to not exceed 14% of operating revenue. Cash dividend payout remains at 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\$0.05 per ordinary share
Tax Rate	Exempt (1-tier)

(c) Date payable

The interim dividend will be paid on 8 December 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 26 November 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 25 November 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 third quarter and nine months ended 30 September 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
9 November 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 July to 30 September 2010 S\$m
Transactions for the Sale of Goods & Services	
Singapore Telecommunications Limited & its associates	17.4
TeleChoice International Ltd & its associates	0.6
Temasek Holdings (Private) Limited & its associates (other than those disclosed above)	0.9
	18.9
Transactions for the Purchase of Goods & Services	
Singapore Power Limited & its associates	6.4
Singapore Telecommunications Limited & its associates	42.0
STT Communications Ltd and its associates	0.4
TeleChoice International Ltd & its associates	19.3
Temasek Holdings (Private) Limited & its associates (other than those disclosed above)	0.6
	68.6

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 July to 30 September 2010.