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STARHUB LTD

Announcement of Audited Results for the Full Year ended 31 December 2009

StarHub is pleased to announce our audited results for the fourth quarter and full year ended 31 December 2009.

Results for the Fourth Quarter and Full Year ended 31 December 2009

1. GROUP INCOME AND COMPREHENSIVE INCOME STATEMENTS

1.1 GROUP INCOME STATEMENT

| | Quarter ended 31 Dec | | | Year ended 31 Dec | | |
|--|----------------------|--------------|-------------------|-------------------|--------------|------------------|
| | 2009 S\$m | 2008 S\$m | Incr/(Decr) % | 2009 S\$m | 2008 S\$m | Incr/(Decr) % |
| Operating revenue | 550.0 | 536.7 | 2.5 | 2,150.0 | 2,127.6 | 1.1 |
| Operating expenses | (460.8) | (431.6) | 6.8 | (1,741.6) | (1,718.4) | 1.4 |
| Profit from operations | 89.2 | 105.1 | (15.1) | 408.4 | 409.3 | (0.2) |
| Interest income | 0.4 | 0.2 | 143.4 | 0.8 | 0.8 | (5.2) |
| Interest expenses | (6.0) | (6.3) | (4.6) | (24.1) | (27.3) | (11.9) |
| Profit before taxation | 83.6 | 98.9 | (15.5) | 385.2 | 382.8 | 0.6 |
| Taxation | (9.3) | (11.5) | (18.8) | (65.5) | (71.5) | (8.4) |
| Profit for the period | 74.2 | 87.4 | (15.1) | 319.7 | 311.3 | 2.7 |
| Attributable to: | | | | | | |
| Equity holders of the Company | 74.2 | 87.4 | (15.1) | 319.7 | 311.3 | 2.7 |
| | 74.2 | 87.4 | (15.1) | 319.7 | 311.3 | 2.7 |
| EBITDA | 152.1 | 165.2 | (7.9) | 653.5 | 644.4 | 1.4 |
| EBITDA as a % of service revenue | 29.2% | 32.1% | (2.9)% pts | 31.8% | 31.7% | 0.1% pts |
| Free Cash Flow ⁽¹⁾ | 82.2 | 81.9 | 0.4 | 461.0 | 377.7 | 22.1 |
| <i>Profit from operations is arrived after charging the following:</i> | | | | | | |
| <i>Allowance for doubtful receivables and bad debts written off</i> | 2.9 | 3.3 | (12.9) | 13.1 | 11.1 | 17.5 |
| <i>Depreciation and amortisation (net of asset grants)</i> | 62.9 | 60.1 | 4.6 | 245.1 | 235.1 | 4.2 |

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 Dec | | | Year ended 31 Dec | | |
|---|----------------------|--------------|------------------|-------------------|--------------|------------------|
| | 2009 S\$m | 2008 S\$m | Incr/(Decr) % | 2009 S\$m | 2008 S\$m | Incr/(Decr) % |
| Profit for the period | 74.2 | 87.4 | (15.1) | 319.7 | 311.3 | 2.7 |
| Other comprehensive income | | | | | | |
| Effective portion of changes in fair value of cash flow hedge (net of tax) | 0.2 | (6.7) | nm | 5.0 | (10.1) | nm |
| Other comprehensive income for the period, net of tax | 0.2 | (6.7) | nm | 5.0 | (10.1) | nm |
| Total comprehensive income for the period | 74.5 | 80.7 | (7.8) | 324.7 | 301.2 | 7.8 |
| Attributable to: | | | | | | |
| Equity holders of the Company | 74.5 | 80.7 | (7.8) | 324.7 | 301.2 | 7.8 |
| | 74.5 | 80.7 | (7.8) | 324.7 | 301.2 | 7.8 |

nm - Not meaningful

The Group Comprehensive Income Statement included above as part of the results announcement is in compliance with the revised Financial Reporting Standard (FRS) 1, effective from 1 January 2009.

2. STATEMENT OF FINANCIAL POSITION

| | Group | | Company | |
|---|-------------------|-------------------|-------------------|-------------------|
| | 31 Dec 09 S\$m | 31 Dec 08 S\$m | 31 Dec 09 S\$m | 31 Dec 08 S\$m |
| Non-current assets | | | | |
| Property, plant and equipment | 785.1 | 845.7 | 347.8 | 324.9 |
| Intangible assets | 415.7 | 381.0 | 133.9 | 94.2 |
| Subsidiaries | - | - | 1,174.1 | 1,162.1 |
| Deferred tax assets | 5.3 | 25.1 | - | - |
| | 1,206.2 | 1,251.7 | 1,655.8 | 1,581.2 |
| Current assets | | | | |
| Inventories | 28.2 | 20.5 | 22.7 | 12.0 |
| Trade receivables | 125.4 | 127.8 | 91.4 | 90.6 |
| Other receivables, deposits and prepayments | 116.1 | 112.8 | 22.5 | 21.3 |
| Balances with related parties | 22.6 | 20.1 | 714.4 | 811.6 |
| Cash and bank balances | 234.2 | 128.3 | 132.3 | 111.6 |
| | 526.4 | 409.5 | 983.4 | 1,047.1 |
| Current liabilities | | | | |
| Trade payables and accruals | 377.1 | 339.9 | 223.0 | 204.8 |
| Other payables | 196.4 | 197.7 | 59.9 | 51.8 |
| Balances with related parties | 42.1 | 40.1 | 143.5 | 207.8 |
| Bank loans | 290.4 | 217.9 | 290.4 | 217.9 |
| Provision for taxation | 19.5 | - | 19.5 | - |
| | 925.5 | 795.5 | 736.2 | 682.3 |
| Net current (liabilities)/assets | (399.0) | (386.0) | 247.1 | 364.8 |
| Non-current liabilities | | | | |
| Bank loans | 605.4 | 695.8 | 605.4 | 695.8 |
| Other payables | 8.1 | 12.4 | 8.1 | 11.3 |
| Deferred income | 6.6 | 10.7 | - | - |
| Deferred tax liabilities | 61.2 | 38.8 | 47.7 | 27.2 |
| | 681.3 | 757.7 | 661.2 | 734.2 |
| Net assets | 125.8 | 108.1 | 1,241.8 | 1,211.7 |
| Shareholders' equity | | | | |
| Share capital | 257.5 | 255.1 | 257.5 | 255.1 |
| Reserves | (131.7) | (147.1) | 984.3 | 956.6 |
| | 125.8 | 108.1 | 1,241.8 | 1,211.7 |

3. GROUP CASH FLOW STATEMENT

| | Quarter ended | | Year ended | |
|---|---------------|---------------|----------------|----------------|
| | 31 Dec | | 31 Dec | |
| | 2009 | 2008 | 2009 | 2008 |
| | S\$m | S\$m | S\$m | S\$m |
| Operating Activities | | | | |
| Profit before taxation | 83.6 | 98.9 | 385.2 | 382.8 |
| Adjustments for : | | | | |
| Depreciation and amortisation (net of asset grants) | 62.9 | 60.1 | 245.1 | 235.1 |
| Fixed assets written off | 0.1 | 0.5 | 3.4 | 1.6 |
| Share-based payments expenses | 1.4 | 1.3 | 5.1 | 4.7 |
| Changes in fair value of financial instruments | (1.3) | 2.9 | (2.9) | 1.3 |
| Net interest expense | 5.6 | 6.1 | 23.3 | 26.5 |
| Other non-cash items | 0.2 | 0.2 | 0.7 | 0.9 |
| Operating cash flow before working capital changes | 152.6 | 170.2 | 659.8 | 652.9 |
| Changes in working capital | (13.6) | (33.8) | 32.6 | (55.7) |
| Income tax refund | (0.0) | (0.0) | (0.0) | 0.3 |
| Net cash from operating activities | 139.0 | 136.4 | 692.4 | 597.5 |
| Investing Activities | | | | |
| Proceeds from disposal of fixed assets | 0.0 | 0.1 | 0.7 | 0.1 |
| Purchase of fixed assets | (56.8) | (54.5) | (231.4) | (219.8) |
| Interest received | 0.4 | 0.2 | 0.8 | 0.9 |
| Net cash used in investing activities | (56.4) | (54.3) | (230.0) | (218.8) |
| Financing Activities | | | | |
| Proceeds from issue of shares | 0.5 | 0.3 | 2.4 | 7.9 |
| Interest paid | (2.1) | (2.3) | (24.4) | (28.5) |
| Proceeds from loans | - | - | 200.0 | - |
| Repayment of loans | - | - | (217.9) | (54.3) |
| Dividends paid | (85.6) | (76.9) | (316.7) | (307.7) |
| Purchase of treasury shares | - | (1.7) | - | (5.8) |
| Net cash used in financing activities | (87.3) | (80.7) | (356.6) | (388.4) |
| Net change in cash and cash equivalents | (4.7) | 1.4 | 105.9 | (9.6) |
| Cash and cash equivalents at beginning of the period | 238.9 | 126.9 | 128.3 | 138.0 |
| Cash and cash equivalents at end of the period | 234.2 | 128.3 | 234.2 | 128.3 |

4. GROUP UNSECURED BORROWINGS

| | 31 Dec 09 | 31 Dec 08 |
|--------------------------------------|--------------|--------------|
| | S\$m | S\$m |
| Unsecured borrowings | | |
| Amount repayable in one year or less | 290.4 | 217.9 |
| Amount repayable after one year | 605.4 | 695.8 |
| Total | 895.8 | 913.7 |

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 2009 | 255.1 | (276.3) | 8.6 | (12.4) | (6.0) | 139.0 | (147.1) | 108.1 |
| Issue of shares pursuant to share option plans | 1.9 | - | - | - | - | - | - | 1.9 |
| Share-based payments expenses | - | - | 3.6 | - | - | - | 3.6 | 3.6 |
| Transfer from treasury shares to share-based payment reserve | - | - | (3.0) | - | 3.0 | - | - | - |
| Dividends paid | - | - | - | - | - | (231.1) | (231.1) | (231.1) |
| Total comprehensive income for the period (net of tax) | - | - | - | 4.8 | - | 245.4 | 250.2 | 250.2 |
| At 30 Sep 2009 | 257.0 | (276.3) | 9.2 | (7.6) | (3.0) | 153.4 | (124.2) | 132.8 |
| Issue of shares pursuant to share option plans | 0.5 | - | - | - | - | - | - | 0.5 |
| Share-based payments expenses | - | - | 1.4 | - | - | - | 1.4 | 1.4 |
| Transfer from treasury shares to share-based payment reserve | - | - | 2.3 | - | - | - | 2.3 | 2.3 |
| Dividends paid | - | - | - | - | - | (85.6) | (85.6) | (85.6) |
| Total comprehensive income for the period (net of tax) | - | - | - | 0.2 | - | 74.2 | 74.5 | 74.5 |
| At 31 Dec 2009 | 257.5 | (276.3) | 13.0 | (7.4) | (3.0) | 142.0 | (131.7) | 125.8 |
| At 1 Jan 2008 | 247.2 | (276.3) | 19.9 | (2.3) | (16.2) | 135.3 | (139.6) | 107.7 |
| Issue of shares pursuant to share option plans | 7.6 | - | - | - | - | - | - | 7.6 |
| Share-based payments expenses | - | - | 3.4 | - | - | - | 3.4 | 3.4 |
| Purchase of treasury shares | - | - | - | - | (5.8) | - | (5.8) | (5.8) |
| Transfer from treasury shares to share-based payment reserve | - | - | (16.0) | - | 16.0 | - | - | - |
| Dividends paid | - | - | - | - | - | (230.7) | (230.7) | (230.7) |
| Total comprehensive income for the period (net of tax) | - | - | - | (3.4) | - | 223.9 | 220.5 | 220.5 |
| At 30 Sep 2008 | 254.8 | (276.3) | 7.3 | (5.7) | (6.0) | 128.5 | (152.2) | 102.6 |
| Issue of shares pursuant to share option plans | 0.3 | - | - | - | - | - | - | 0.3 |
| Share-based payments expenses | - | - | 1.3 | - | - | - | 1.3 | 1.3 |
| Dividends paid | - | - | - | - | - | (76.9) | (76.9) | (76.9) |
| Total comprehensive income for the period (net of tax) | - | - | - | (6.7) | - | 87.4 | 80.7 | 80.7 |
| At 31 Dec 2008 | 255.1 | (276.3) | 8.6 | (12.4) | (6.0) | 139.0 | (147.1) | 108.1 |

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 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 plans | 1.9 | - | - | - | - | - | - | 1.9 |
| Share-based payments expenses | - | - | 3.6 | - | - | - | 3.6 | 3.6 |
| Transfer from treasury shares to share-based payment reserve | - | - | (3.0) | - | 3.0 | - | - | - |
| Dividends paid | - | - | - | - | - | (231.1) | (231.1) | (231.1) |
| Total comprehensive income for the period (net of tax) | - | - | - | 4.0 | - | 174.0 | 178.1 | 178.1 |
| At 30 Sep 2009 | 257.0 | 276.5 | 9.2 | (7.3) | (3.0) | 631.7 | 907.2 | 1,164.2 |
| Issue of shares pursuant to share option plans | 0.5 | - | - | - | - | - | - | 0.5 |
| Share-based payments expenses | - | - | 1.4 | - | - | - | 1.4 | 1.4 |
| Transfer from treasury shares to share-based payment reserve | - | - | 2.3 | - | - | - | 2.3 | 2.3 |
| Dividends paid | - | - | - | - | - | (85.6) | (85.6) | (85.6) |
| Total comprehensive income for the period (net of tax) | - | - | - | (0.0) | - | 159.0 | 158.9 | 158.9 |
| At 31 Dec 2009 | 257.5 | 276.5 | 13.0 | (7.3) | (3.0) | 705.0 | 984.3 | 1,241.8 |
| At 1 Jan 2008 | 247.2 | 276.5 | 19.9 | (0.9) | (16.2) | 725.5 | 1,004.7 | 1,251.9 |
| Issue of shares pursuant to share option plans | 7.6 | - | - | - | - | - | - | 7.6 |
| Share-based payments expenses | - | - | 3.4 | - | - | - | 3.4 | 3.4 |
| Purchase of treasury shares | - | - | - | - | (5.8) | - | (5.8) | (5.8) |
| Transfer from treasury shares to share-based payment reserve | - | - | (16.0) | - | 16.0 | - | - | - |
| Dividends paid | - | - | - | - | - | (230.7) | (230.7) | (230.7) |
| Total comprehensive income for the period (net of tax) | - | - | - | (3.6) | - | 138.4 | 134.8 | 134.8 |
| At 30 Sep 2008 | 254.8 | 276.5 | 7.3 | (4.6) | (6.0) | 633.1 | 906.3 | 1,161.1 |
| Issue of shares pursuant to share option plans | 0.3 | - | - | - | - | - | - | 0.3 |
| Share-based payments expenses | - | - | 1.3 | - | - | - | 1.3 | 1.3 |
| Dividends paid | - | - | - | - | - | (76.9) | (76.9) | (76.9) |
| Total comprehensive income for the period (net of tax) | - | - | - | (6.7) | - | 132.6 | 125.8 | 125.8 |
| At 31 Dec 2008 | 255.1 | 276.5 | 8.6 | (11.3) | (6.0) | 688.7 | 956.6 | 1,211.7 |

6. CHANGES IN COMPANY'S SHARE CAPITAL

Share Capital

As at 31 December 2009, the share capital of the Company at S\$257.5 million comprised 1,713,926,484 issued ordinary shares, of which 1,092,000 are held by the company as treasury shares. (31 December 2008: 1,711,952,039 ordinary shares of which 2,203,100 are held as treasury shares).

Issue of new shares

For the quarter and full year ended 31 December 2009, the Company issued 414,300 and 1,974,445 ordinary shares respectively upon the exercise of options by participants pursuant to the Company's share option plans. The exercise prices ranged from S\$0.68 to S\$1.52 per ordinary share.

Treasury Shares

As at 31 December 2009, the treasury share balance amounted to S\$3.0 million or 1,092,000 treasury shares (31 December 2008: 2,203,100 ordinary shares). While there was no treasury shares movement in the quarter, a total of 1,111,100 treasury shares were transferred to participants of the Company's share plans during the year.

Outstanding Shares – Employees' Share-Based Plans

Share Option Plans

As at 31 December 2009, the outstanding balance of unexercised options under the Company's share option plans totaled 5,996,375 (31 December 2008: 8,043,635) or 0.4% of total issued shares in the capital of the Company.

Performance Share Plan

For the quarter, there were no new share awards or cancellation under the Performance Share Plan.

For the full year, new conditional awards totaling 585,000 ordinary shares were granted to eligible participants under the 2009 grant of the Performance Share Plan, and 620,000 share awards were cancelled as there was no payout due to performance conditions not met. The total outstanding conditional awards totaled 1,563,000 ordinary shares as at 31 December 2009 (31 December 2008: 1,598,000).

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

Restricted Stock Plan

In 4Q09, there were no new conditional awards issued and the number of shares forfeited totaled 100,184 shares, resulting in the total outstanding conditional awards as at 31 December 2009 to be 4,643,521 ordinary shares (31 December 2008: 3,808,500).

Under the Restricted Stock Plan, there was a payout of 1,111,100 ordinary shares to participants via the transfer of treasury shares from the Company's treasury shares account during the year. Also, in 2009, the Company issued new conditional awards

totaling 2,010,500 ordinary shares to eligible participants under the 2009 grant of Restricted Stock Plan, and 264,504 conditional awards were cancelled/forfeited during the year.

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

7. AUDIT

The results for the financial year have been audited.

8. AUDITORS' REPORT

A copy of the Auditor's report is attached.

9. ACCOUNTING POLICIES

The Group and the Company has applied the same accounting policies and method of computation as in the most recent audited financial statements for the year ended 31 December 2008.

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 2009. 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 Dec | | Year ended 31 Dec | |
|--|----------------------|------------|-------------------|-------------|
| | 2009 | 2008 | 2009 | 2008 |
| Basic | | | | |
| Earnings per share | 4.33 cents | 5.11 cents | 18.68 cents | 18.28 cents |
| Weighted average number of shares ('000) | 1,712,736 | 1,709,706 | 1,711,790 | 1,703,304 |
| Diluted | | | | |
| Earnings per share | 4.31 cents | 5.09 cents | 18.58 cents | 18.16 cents |
| Weighted average number of shares ('000) | 1,721,258 | 1,718,389 | 1,720,808 | 1,714,080 |

12. NET ASSET VALUE PER ORDINARY SHARE

| | Group | | Company | |
|---------------------------|-------------|-------------|-------------|-------------|
| | 31 Dec 2009 | 31 Dec 2008 | 31 Dec 2009 | 31 Dec 2008 |
| Net asset value per share | 7.3 cents | 6.3 cents | 72.5 cents | 70.9 cents |

13. REVIEW OF GROUP PERFORMANCE

| | Quarter ended 31 Dec | | | | Year ended 31 Dec | | | |
|---|----------------------|--------------|-----------------------|---------------|-------------------|----------------|-----------------------|------------|
| | 2009 S\$m | 2008 S\$m | Incr / (Decr) S\$m | % | 2009 S\$m | 2008 S\$m | Incr / (Decr) S\$m | % |
| Operating revenue | 550.0 | 536.7 | 13.3 | 2.5 | 2,150.0 | 2,127.6 | 22.4 | 1.1 |
| Profit from operations | 89.2 | 105.1 | (15.9) | (15.1) | 408.4 | 409.3 | (0.9) | (0.2) |
| Interest income | 0.4 | 0.2 | 0.2 | 143.4 | 0.8 | 0.8 | (0.0) | (5.2) |
| Interest expenses | (6.0) | (6.3) | (0.3) | (4.6) | (24.1) | (27.3) | (3.2) | (11.9) |
| Profit before taxation | 83.6 | 98.9 | (15.4) | (15.5) | 385.2 | 382.8 | 2.4 | 0.6 |
| Taxation | (9.3) | (11.5) | (2.2) | (18.8) | (65.5) | (71.5) | (6.0) | (8.4) |
| Profit for the period | 74.2 | 87.4 | (13.2) | (15.1) | 319.7 | 311.3 | 8.4 | 2.7 |
| EBITDA | 152.1 | 165.2 | (13.1) | (7.9) | 653.5 | 644.4 | 9.1 | 1.4 |
| EBITDA as a % of service revenue | 29.2% | 32.1% | (2.9)% pts | - | 31.8% | 31.7% | 0.1% pts | - |

Results for the period ended 31 December 2009

For the quarter, the Group's overall operating revenue was 3% or S\$13.3 million higher at S\$550.0 million. This was due to higher service revenue of S\$6.5 million, and increased revenue from sales of equipment of S\$6.8 million. Total operating revenue for the full year increased 1.1% or S\$22.4 million to S\$2,150.0 million due to higher service revenue.

Against 2008, the Group's overall service revenue increased 1% to S\$521.0 million in 4Q09 and S\$2,057.5 million for the full year. For both the quarter and full year, higher revenue

was reported by Mobile, Pay TV and Fixed Network services, while Broadband revenue was lower. Sales of equipment were 31% higher at S\$28.9 million for the quarter, largely due to the launch of iPhone in December 2009 which drove up the number of units sold. For the full year, revenue from sales of equipment was S\$92.6 million. This was 5% lower when compared to 2008 which included retail sales revenue for Hubstation and HDTV set-top boxes. The retail sales of these set-top boxes were discontinued since August last year and are now available on a rental basis.

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

| | Quarter ended 31 Dec | | | | Year ended 31 Dec | | | |
|--------------------------------|----------------------|--------------|-------------------------|-------|-------------------|--------------|-------------------------|-------|
| | 2009 S\$m | 2008 S\$m | Incr / (Decr) S\$m % | | 2009 S\$m | 2008 S\$m | Incr / (Decr) S\$m % | |
| Operating revenue | | | | | | | | |
| Mobile revenue | 280.6 | 272.2 | 8.3 | 3.1 | 1,094.0 | 1,079.0 | 15.0 | 1.4 |
| Pay TV revenue | 102.6 | 100.5 | 2.1 | 2.1 | 405.5 | 398.2 | 7.3 | 1.8 |
| Broadband revenue | 59.1 | 64.2 | (5.1) | (8.0) | 240.5 | 253.2 | (12.7) | (5.0) |
| Fixed network services revenue | 78.8 | 77.6 | 1.2 | 1.6 | 317.5 | 299.9 | 17.6 | 5.9 |
| Total service revenue | 521.0 | 514.5 | 6.5 | 1.3 | 2,057.5 | 2,030.3 | 27.2 | 1.3 |
| Sale of equipment | 28.9 | 22.2 | 6.8 | 30.7 | 92.6 | 97.3 | (4.7) | (4.9) |
| Total | 550.0 | 536.7 | 13.3 | 2.5 | 2,150.0 | 2,127.6 | 22.4 | 1.1 |

| | Quarter ended 31 Dec | | Year ended 31 Dec | |
|--------------------------------|----------------------|---------------|-------------------|---------------|
| | 2009 Mix % | 2008 Mix % | 2009 Mix % | 2008 Mix % |
| Operating revenue mix | | | | |
| Mobile revenue | 51.0 | 50.7 | 50.9 | 50.7 |
| Pay TV revenue | 18.7 | 18.7 | 18.9 | 18.7 |
| Broadband revenue | 10.7 | 12.0 | 11.2 | 11.9 |
| Fixed network services revenue | 14.3 | 14.5 | 14.8 | 14.1 |
| Sale of equipment | 5.3 | 4.1 | 4.3 | 4.6 |
| Total | 100.0 | 100.0 | 100.0 | 100.0 |

Compared to 4Q08, Mobile services revenue for the quarter increased 3% to S\$280.6 million due to higher revenue from Post-paid mobile services which increased 4%. Both Fixed network and Pay TV services recorded a 2% revenue increase year-on-year to S\$78.8 million and S\$102.6 million respectively in 4Q09. For the quarter, Broadband revenue was 8% lower year-on-year at S\$59.1 million.

For the full year, Fixed network services revenue was up 6% year-on-year to S\$317.5 million due to higher Data and Internet services sold. Pay TV revenue increased 2% to S\$405.5 million due to increase in subscribers, while Mobile services revenue registered a 1% increase year-on-year to S\$1,094.0 million for 2009. The 2009 Broadband revenue was 5% lower at S\$240.5 million due to promotions and competitive pricing pressure in the broadband market.

Profitability

Apart from the festive promotions in the quarter, the launch of iPhone in December 2009 saw many customers re-contracting and new subscribers taking up the new mobile phone data plans. This drove cost of equipment sold higher by 67% year-on-year in 4Q09. The increase in cost of sales was offset by lower operating expenses which decrease 4% year-on-year for the quarter. As a result, the Group's profit from operations decreased S\$15.9 million or 15% year-on year to S\$89.2 million in 4Q09. For the full year, profit from operations was S\$0.9 million lower at S\$408.4 million in 2009.

For the quarter, the Group's EBITDA at S\$152.1 million was 8% lower than 4Q08. For the full year, EBITDA increased by S\$9.1 million or 1% year-on-year to S\$653.5 million. EBITDA margin as a percentage of service revenue trended lower at 29.2% in 4Q09 and for the full year, was 31.8%.

Against the same corresponding periods last year, the lower interest rates and lower average outstanding loan balances in 2009 resulted in interest expenses decreasing 5% to S\$6.0 million for 4Q09 and 12% to S\$24.1 million for 2009.

Taxation for the quarter and full year periods amounted to S\$9.3 million and S\$65.5 million respectively. Included in the quarter and full year's taxation was a net tax credit adjustment of S\$7.5 million and S\$10.0 million respectively. This relates to adjustments to the group tax relief position and deferred tax assets adjustments upon finalisation of tax assessments with IRAS and a reduction in corporate tax rate from 18% to 17%.

As a result, the Group's net profit after tax was 15% lower year-on-year at S\$74.2 million for the quarter, and 3% higher at S\$319.7 million for the full year.

Mobile Service Revenue

| | Quarter ended 31 Dec | | | | Year ended 31 Dec | | | |
|-----------------------|----------------------|--------------|-------------------------|------------|-------------------|----------------|-------------------------|------------|
| | 2009 S\$m | 2008 S\$m | Incr / (Decr) S\$m % | | 2009 S\$m | 2008 S\$m | Incr / (Decr) S\$m % | |
| Mobile revenue | | | | | | | | |
| Post-paid | 216.1 | 207.7 | 8.4 | 4.1 | 835.4 | 835.3 | 0.0 | 0.0 |
| Pre-paid | 64.5 | 64.6 | (0.1) | (0.1) | 258.6 | 243.7 | 15.0 | 6.1 |
| Total | 280.6 | 272.2 | 8.3 | 3.1 | 1,094.0 | 1,079.0 | 15.0 | 1.4 |

| Mobile Key Drivers | Quarter ended | | | Year ended | | YoY |
|---|----------------|----------------|----------------|----------------|--------------|------------------|
| | 31 Dec 2009 | 30 Sep 2009 | 31 Dec 2008 | 31 Dec 2009 | 2008 | Incr/(Decr) % |
| Number of registered customers (in thousands) | | | | | | |
| Post-paid | 939 | 923 | 892 | 939 | 892 | 5.3 |
| Pre-paid | 979 | 961 | 874 | 979 | 874 | 12.1 |
| Total | 1,918 | 1,884 | 1,765 | 1,918 | 1,765 | 8.6 |
| Monthly minutes of use per registered customer | | | | | | |
| Post-paid | 407 | 426 | 469 | 427 | 499 | (14.4) |
| Pre-paid | 566 | 568 | 520 | 560 | 376 | 49.1 |
| Average monthly SMS per registered user (originating) | | | | | | |
| Post-paid | 249 | 253 | 241 | 246 | 224 | 9.9 |
| Pre-paid | 157 | 152 | 130 | 144 | 106 | 36.7 |
| Total MMS traffic (in millions) | 3.9 | 3.8 | 3.6 | 15.1 | 13.3 | 13.3 |
| Mobile Data Traffic (in GBytes) | | | | | | |
| Post-paid | 2,607,803 | 2,188,162 | 802,100 | 7,417,377 | 1,726,772 | 329.6 |
| Pre-paid | 17,835 | 9,111 | 128 | 27,917 | 414 | 6,635.4 |
| ARPU with IDD included (S\$ per month) | | | | | | |
| Post-paid | 70 | 69 | 71 | 69 | 75 | (8.1) |
| Pre-paid | 23 | 23 | 25 | 23 | 22 | 5.6 |
| Non-voice service as a contribution to ARPU | | | | | | |
| Post-paid | 32.4% | 31.1% | 26.4% | 30.8% | 25.4% | - |
| Pre-paid | 12.6% | 12.1% | 9.6% | 11.9% | 10.9% | - |
| Average acquisition cost per gross connection (S\$) | 106 | 74 | 86 | 84 | 115 | (26.5) |
| Average monthly churn rate (post-paid) | 1.3% | 1.2% | 1.0% | 1.1% | 1.0% | - |
| Singapore mobile penetration ⁽¹⁾ | 136.6% | 134.5% | 131.0% | 136.6% | 131.0% | - |
| Market Share ⁽¹⁾ | 27.8% | 28.1% | 27.8% | 27.8% | 27.8% | - |

Note:

(1) Source : IDA (As at November 2009)

Post-paid mobile services

Against 4Q08, Post-paid mobile services revenue was S\$8.4 million or 4% higher at S\$216.1 million for the quarter, driven by the higher customer base. For the full year, Post-paid mobile services revenue was maintained at the same level as 2008 at S\$835.4 million.

The launch of the iPhone in December 2009 and an improved economic sentiment drove consumers to increase their spending in the festive 4Q. For the quarter, we added net 16K customers and for the full year 47K to our Post-paid mobile subscriber base. As at 31 December 2009, our Post-paid mobile subscriber base totaled 939K, 5% higher compared to a year ago. As a percentage of overall Post-paid mobile subscribers, the total number of subscribers on 3G mobile service plans grew from 71% last year to 84% currently.

Post-paid ARPU in 4Q09 was S\$70, S\$1 lower when compared to 4Q08. For the full year, Post-paid ARPU at S\$69 was 8% lower when compared to ARPU last year. The lower ARPU year-on-year was attributed to lower voice, IDD & roaming usages in 2009. Post-paid monthly minutes of use per customer for the quarter and full year were also lower at 407 minutes and 427 minutes respectively, a year-on-year decrease of 13% for the quarter and 14% for the full year. While voice usages were lower in 2009, Post-paid mobile data showed an increasing trend year-on-year, driven by the availability of more and better smart phones models, mobile data devices in the market and attractiveness of our price cap data service plans. Total mobile data traffic for 4Q09 at 2.6 million Gigabytes was 3 times that of last year. For 2009, mobile data traffic at 7.4 million Gigabytes was 330% higher than 2008. Consequently, Post-paid non voice services as a percentage of Post-paid ARPU increased to 32.4% for the current quarter and 30.8% for the full year compared to 26.4% in 4Q08 and 25.4% in 2008.

Post-paid monthly average churn was higher at 1.3% for the quarter and 1.1% for the year, compared to 1.0% in the same corresponding periods last year. The higher churn in current period was attributable to more aggressive marketing offers offered by the competitors.

Pre-paid mobile services

The quarter's Pre-paid mobile services revenue was stable at S\$64.5 million, and for the full year, was 6% higher year-on-year at S\$258.6 million due to higher ARPU and customer base.

During the quarter, 18K customers were added to our Pre-paid customer base, resulting in Pre-paid customer base growing to 979K as at 31 December 2009. This was 105K or 12% higher than a year ago.

Pre-paid ARPU for the quarter was S\$23, S\$2 lower than 4Q08 as we lowered rates for certain international IDD countries to match competitors. For the year, 2009 Pre-paid ARPU was S\$1 or 6% higher at S\$23, mainly attributed to higher voice, data and IDD usages. For the quarter, Pre-paid monthly minutes of use per customer was 9% higher than 4Q08 at 566 minutes. For the full year, monthly minutes of use per customer increased 49% year-on-year to average 560 minutes in 2009. Higher mobile data traffic was also generated by our prepaid users in 2009. Prepaid mobile data traffic grew to 18K Gigabytes for the quarter and for the full year, to 28K gigabytes when compared to 128 Gigabytes in 4Q08 and 414 Gigabytes in 2008. Pre-paid non-voice service as a percentage of Pre-paid ARPU in 4Q09 was higher at 12.6% and in 2009 was 11.9%, compared to 9.6% and 10.9% in the corresponding periods last year.

Total mobile services

For the quarter, overall mobile services revenue amounted to S\$280.6 million, 3% higher compared to 4Q08, largely driven by higher Post-paid mobile services revenue. For the full year period, higher Pre-paid mobile services revenue drove total mobile services revenue to be S\$15.0 million or 1% higher year-on-year at S\$1,094.0 million.

Acquisition Cost per gross connection

For the quarter, the average acquisition cost per gross connection was 23% higher at S\$106 when compared to 4Q08. The higher cost was mainly attributable to higher handset subsidies for the smart phones bundles offered during the festive promotion and the iPhone launch in December 2009. Against last year, 2009 average acquisition cost per gross connection was S\$31 or 27% lower at S\$84. The higher acquisition costs last year was largely due to the aggressive mobile number portability promotions in the first half of 2008.

Pay TV Revenue

| | Quarter ended 31 Dec | | | | Year ended 31 Dec | | | |
|----------------|----------------------|-------|---------------|-----|-------------------|-------|---------------|-----|
| | 2009 | 2008 | Incr / (Decr) | | 2009 | 2008 | Incr / (Decr) | |
| | S\$m | S\$m | S\$m | % | S\$m | S\$m | S\$m | % |
| Pay TV revenue | 102.6 | 100.5 | 2.1 | 2.1 | 405.5 | 398.2 | 7.3 | 1.8 |

| Pay TV Key Drivers | Quarter ended | | | Year ended | | YoY |
|---|---------------|--------|--------|------------|-------|-------------|
| | 31 Dec | 30 Sep | 31 Dec | 31 Dec | | Incr/(Decr) |
| | 2009 | 2009 | 2008 | 2009 | 2008 | % |
| Number of residential Pay TV customers (in thousands) | 539 | 535 | 524 | 539 | 524 | 2.8 |
| ARPU (S\$ per month) | 56 | 56 | 57 | 56 | 57 | (0.9) |
| Average monthly churn rate | 1.0% | 0.9% | 1.0% | 1.0% | 0.9% | - |
| StarHub's penetration | 46.7% | 46.5% | 45.9% | 46.7% | 45.9% | - |

For the quarter and full year ended 31 December 2009, Pay TV revenue amounted to S\$102.6 million and S\$405.5 million respectively. Compared to the same corresponding periods last year, Pay TV revenue was up 2%, driven by the higher subscriber base.

As at 31 December 2009, Pay TV subscriber base totaled 539K, a net addition of 4K for the quarter and 15K for the full year period. Compared to a year ago, Pay TV subscriber base grew 3%.

Pay TV ARPU for the quarter and full year periods was at S\$56. This was S\$1 lower when compared to S\$57 last year. The lower ARPU year-on-year was due to higher discounts to drive take up in 2009.

Against 4Q08, this quarter's Pay TV average monthly churn was at the same level at 1.0%. For the full year period, Pay TV average monthly churn increased from 0.9% in 2008 to 1.0% in 2009.

Broadband Revenue

| | Quarter ended 31 Dec | | | | Year ended 31 Dec | | | |
|-------------------|----------------------|------|---------------|-------|-------------------|-------|---------------|-------|
| | 2009 | 2008 | Incr / (Decr) | | 2009 | 2008 | Incr / (Decr) | |
| | S\$m | S\$m | S\$m | % | S\$m | S\$m | S\$m | % |
| Broadband revenue | 59.1 | 64.2 | (5.1) | (8.0) | 240.5 | 253.2 | (12.7) | (5.0) |

| Broadband Key Drivers | Quarter ended | | | Year ended | | YoY |
|---|---------------|--------|--------|------------|------|-------------|
| | 31 Dec | 30 Sep | 31 Dec | 31 Dec | | Incr/(Decr) |
| | 2009 | 2009 | 2008 | 2009 | 2008 | % |
| Number of residential broadband customers - subscription-based (in thousands) | 400 | 392 | 373 | 400 | 373 | 7.4 |
| ARPU (S\$ per month) | 49 | 50 | 57 | 51 | 58 | (11.5) |
| Average monthly churn rate | 1.1% | 1.2% | 1.1% | 1.2% | 1.2% | - |

Broadband revenue decreased 8% year-on-year to S\$59.1 million for the quarter and was 5% lower at S\$240.5 million for the full year period.

Net customer addition for the quarter was 8K and total Broadband subscriber base was 400K as at 31 December 2009. For the full year, our Broadband subscriber base grew 27K or 7% from 373K a year ago.

Broadband ARPU decreased from S\$57 in 4Q08 to S\$49 in 4Q09, and for the full year, was S\$7 or 12% lower at S\$51 as compared to 2008. The lower ARPU for the quarter and full year periods was largely due to subscribers' plan mix to lower tier price plans, and increased discounts offered across all our Broadband subscriptions to drive multi-services take-up.

Against the same corresponding periods last year, Broadband average monthly churn was maintained at 1.1% for the quarter and 1.2% for the full year periods.

Fixed Network Services Revenue

| Fixed Network Services Revenue | Quarter ended 31 Dec | | | | Year ended 31 Dec | | | |
|--------------------------------|----------------------|------|---------------|-------|-------------------|-------|---------------|-------|
| | 2009 | 2008 | Incr / (Decr) | | 2009 | 2008 | Incr / (Decr) | |
| | S\$m | S\$m | S\$m | % | S\$m | S\$m | S\$m | % |
| Data & internet | 66.6 | 65.3 | 1.3 | 2.0 | 269.1 | 246.6 | 22.5 | 9.1 |
| Voice services | 12.2 | 12.3 | (0.1) | (0.7) | 48.5 | 53.3 | (4.9) | (9.1) |
| Total | 78.8 | 77.6 | 1.2 | 1.6 | 317.5 | 299.9 | 17.6 | 5.9 |

Against the same corresponding periods last year, Fixed network services revenue was 2% higher at S\$78.8 million in 4Q09 and for the full year, was up 6% to S\$317.5 million. The year-on-year increase in revenue was mainly due to higher Data & Internet services revenue, offset by lower Voice services revenue.

Data & Internet services revenue amounted to S\$66.6 million for the quarter, S\$1.3 million or 2% more than 4Q08. For the full year, Data & Internet services revenue grew S\$22.5 million or 9% year-on-year to S\$269.1 million. The revenue increase was primarily due to

increase in customers subscribing to our domestic data services, and higher bandwidth taken up for international data services.

Compared to 4Q08, Voice services revenue was stable in the current quarter at S\$12.2 million. For the full year, Voice services revenue decreased 9% year-on-year to S\$48.5 million, impacted by decreases in IDD traffic and lower interconnect revenue from international carriers.

Hubbing (Multi-Service Households)

| Hubbing Metrics | As at | | | YoY Incr/(Decr) % |
|---|----------------|----------------|----------------|-------------------------|
| | 31 Dec 2009 | 30 Sep 2009 | 31 Dec 2008 | |
| Total Singapore occupied homes (in thousands, estimated) ⁽¹⁾ | 1,165 | 1,145 | 1,145 | 1.7 |
| Total hubbing households with at least one service of post-paid mobile, pay TV and/or broadband services (in thousands) | 784 | 781 | 774 | 1.3 |
| Percentage of total hubbing households which subscribe to any two services | 30.8% | 30.8% | 31.3% | (0.5)% pts |
| Percentage of total hubbing households which subscribe to all three services | 23.7% | 23.4% | 21.7% | 2.0% pts |
| Total hubbing households which subscribe to two or more services | 54.5% | 54.2% | 53.0% | 1.5% pts |

Note:

(1) Source: Nielsen Media Research for 2009 estimates

The total number of hubbing households which subscribed to at least one StarHub service grew 3K in the quarter to total 784K as at 31 December 2009. This was 10K or 1% higher compared to a year ago. As at 31 December 2009, our total hubbing households represent 67% of the total occupied homes in Singapore.

During the quarter and in the year, the various hubbing promotions to drive multi-services take-up saw positive results. Our Hub Club members (households that subscribed to all three services) as at 31 December 2009 grew to 186K, 11% higher when compared to 2008. As a percentage of total hubbing households, our Hub Club membership grew from 21.7% last year to 23.7% of our total household mix.

Operating expenses

| | Quarter ended 31 Dec | | | | Year ended 31 Dec | | | |
|---------------------------|----------------------|--------------|-------------------------|-------|-------------------|--------------|-------------------------|-------|
| | 2009 S\$m | 2008 S\$m | Incr / (Decr) S\$m % | | 2009 S\$m | 2008 S\$m | Incr / (Decr) S\$m % | |
| Operating expenses | | | | | | | | |
| Cost of sales | 230.3 | 191.6 | 38.7 | 20.2 | 829.7 | 782.4 | 47.3 | 6.0 |
| Other operating expenses | 230.4 | 240.0 | (9.5) | (4.0) | 912.0 | 936.0 | (24.0) | (2.6) |
| Total | 460.8 | 431.6 | 29.2 | 6.8 | 1,741.6 | 1,718.4 | 23.3 | 1.4 |

For the quarter, the Group's total operating expenses increased S\$29.2 million or 7% year-on-year to S\$460.8 million, and for the full year, was 1% higher at S\$1,741.6 million. The increase in total operating expenses was due to higher cost of sales, mitigated by lower other operating expenses. As a percentage of operating revenue, total operating expenses was 83.8% for the quarter and 81.0% for the full year, compared to 80.4% in 4Q08 and 80.8% in 2008.

The breakdown of the cost of sales is as follows:

Cost of sales

| | Quarter ended 31 Dec | | | | Year ended 31 Dec | | | |
|------------------------|----------------------|--------------|-------------------------|------|-------------------|--------------|-------------------------|-------|
| | 2009 S\$m | 2008 S\$m | Incr / (Decr) S\$m % | | 2009 S\$m | 2008 S\$m | Incr / (Decr) S\$m % | |
| Cost of sales | | | | | | | | |
| Cost of equipment sold | 80.0 | 47.8 | 32.2 | 67.4 | 230.4 | 239.6 | (9.3) | (3.9) |
| Cost of services | 82.6 | 77.7 | 4.9 | 6.3 | 333.4 | 300.7 | 32.7 | 10.9 |
| Traffic expenses | 67.8 | 66.2 | 1.6 | 2.4 | 265.9 | 242.1 | 23.8 | 9.8 |
| Total | 230.3 | 191.6 | 38.7 | 20.2 | 829.7 | 782.4 | 47.3 | 6.0 |

Total cost of sales at S\$230.3 million for the quarter was 20% higher than 4Q08. The increase was mainly attributed to higher cost of equipment sold and cost of services. For the full year, cost of sales was up S\$47.3 million or 6% year-on-year at S\$829.7 million, impacted by higher cost of services and traffic expenses for the year, mitigated by lower cost of equipment sold. As a percentage of operating revenue, total cost of sales was higher at 41.9% for the quarter and 38.6% for the full year when compared to 35.7% and 36.8% for the same corresponding periods last year.

Against 4Q08, this quarter's cost of equipment sold was S\$32.2 million or 67% higher at S\$80.0 million. The increase was largely driven by a higher sales volume of mobile handsets packages and higher costs of smart phones such as the Apple iPhones, which we introduced in December 2009. As a percentage of operating revenue, 4Q09 cost of equipment was higher at 14.5% as compared to 8.9% in 4Q08. For the full year, cost of equipment sold amounted to S\$230.4 million, 4% lower year-on-year. The 2008 costs of equipment sold included Pay TV Hubstation and HDTV set-top boxes as these devices were available for retail sales. The retail sale basis was discontinued in August 2008 and these devices are now offered on rental basis to promote higher take-ups. As a percentage of operating revenue, cost of equipment was lower at 10.7% in 2009 as against 11.3% last year.

Cost of services at S\$82.6 million for the quarter was S\$4.9 million or 6% higher than 4Q08, and for the full year, was S\$32.7 million or 11% higher year-on-year at S\$333.4 million. This

was mainly due to increased Pay TV and mobile content costs. As a percentage of operating revenue, cost of services was higher at 15.0% for the quarter and 15.5% for the full year as against 14.5% in 4Q08 and 14.1% in 2008.

For the quarter, traffic expenses amounted to S\$67.8 million, 2% higher than 4Q08, due to higher inter-operator charges incurred from higher number of mobile SMS, mitigated by lower international traffic costs. For the full year, traffic expenses were up S\$23.8 million or 10% year-on-year at S\$265.9 million. Included in last year's traffic expenses was a credit adjustment relating to prior periods' traffic costs over-charged by domestic mobile operators. Excluding this one-time credit adjustment in 2008, the traffic expenses in 2009 would be 6% higher year-on-year due to higher traffic volume delivered over the fixed network. As a ratio of operating revenue, the quarter's traffic expenses was maintained at 12.3%, and for the full year, was higher at 12.4%, compared to 11.4% last year.

Other operating expenses

| | Quarter ended 31 Dec | | | | Year ended 31 Dec | | | |
|------------------------------------|----------------------|-------|---------------|--------|-------------------|-------|---------------|--------|
| | 2009 | 2008 | Incr / (Decr) | | 2009 | 2008 | Incr / (Decr) | |
| Other operating expenses | S\$m | S\$m | S\$m | % | S\$m | S\$m | S\$m | % |
| Staff costs | 49.4 | 48.4 | 1.0 | 2.1 | 201.6 | 216.3 | (14.8) | (6.8) |
| Operating lease | 35.8 | 31.9 | 3.9 | 12.2 | 144.8 | 128.9 | 15.9 | 12.3 |
| Marketing and promotion | 40.5 | 48.3 | (7.8) | (16.1) | 154.9 | 189.6 | (34.7) | (18.3) |
| Allowance for doubtful receivables | 2.9 | 3.3 | (0.4) | (12.9) | 13.1 | 11.1 | 1.9 | 17.5 |
| Repair and maintenance | 17.8 | 15.5 | 2.3 | 15.1 | 66.4 | 63.5 | 2.9 | 4.5 |
| Other expenses | 21.1 | 32.4 | (11.3) | (35.0) | 86.2 | 91.3 | (5.2) | (5.7) |
| Sub total | 167.5 | 179.8 | (12.3) | (6.8) | 666.9 | 700.8 | (33.9) | (4.8) |
| Depreciation and amortisation | 62.9 | 60.1 | 2.8 | 4.6 | 245.1 | 235.1 | 10.0 | 4.2 |
| Total | 230.4 | 240.0 | (9.5) | (4.0) | 912.0 | 936.0 | (24.0) | (2.6) |

For the quarter, the Group's total other operating expenses amounted to S\$230.4 million, 4% lower compared to 4Q08. Lower other expenses, marketing and promotion, and allowance for doubtful receivables offset the higher operating lease, repair and maintenance, and depreciation and amortisation expenses in the quarter. As a percentage of operating revenue, other operating expenses were lower at 41.9% in 4Q09 when compared to 44.7% in 4Q08.

Cost containment measures implemented in the year helped to keep total other operating expenses lower by 3% year-on-year to S\$912.0 million for the full year. Decreases in marketing and promotion, staff costs and other expenses, offset the increases in operating lease expenses, depreciation and amortisation, repair and maintenance and allowance for doubtful receivables. As a ratio of operating revenue, total other operating expenses was lower at 42.4% in 2009, compared to 44.0% in 2008.

Staff costs

Staff costs for the quarter amounted to S\$49.4 million, 2% or S\$1.0 million higher than 4Q08. The increase was due to variable bonus provision made in 4Q09, and partially mitigated by job credits received from Government. Against last year, staff costs decreased 7% to S\$201.6 million in 2009. During the year, the Group instituted a headcount freeze and reduced variable bonus provisions in view of the gloomy macro-economic conditions. These

cost reduction measures and the Government job credits assistance helped to contain overall staff costs for the Group in 2009. As a percentage of operating revenue, staff costs were maintained at 9.0% in 4Q09, and for the full year period, staff costs reduced from 10.2% last year to 9.4% for 2009.

Operating lease

Against the same corresponding periods last year, operating lease expenses increased 12% to S\$35.8 million in 4Q09 and S\$144.8 million in 2009. For the quarter, the higher operating expenses were mainly attributed to increased international lease capacity and rental of base stations. For the full year, approximately 40% of the increase in operating lease was attributed to rental costs for overlapping periods as the Group relocated to consolidate its offices to new premises during the year. The balance increase in operating lease expenses was due to higher international lease capacity and base stations rental to support increased business activities. As a percentage of operating revenue, operating lease expenses were higher at 6.5% in 4Q09 and 6.7% in 2009 as compared to 5.9% and 6.1% in the same corresponding periods last year.

Marketing and promotion

This quarter's marketing and promotion expenses amounted to S\$40.5 million, a decrease of 16% against 4Q08, and for the full year, was S\$34.7 million or 18% lower year-on-year at S\$154.9 million. The higher expenses in 2008 were mainly for promotional activities leading to mobile number portability and Euro 2008 events. Compared to the same corresponding periods last year, marketing and promotion expenses as a percentage of operating revenue was lower at 7.4% for the quarter and 7.2% for the full year period.

Allowance for doubtful receivables

This quarter's allowance for doubtful receivables at S\$2.9 million was S\$0.4 million lower than 4Q08, and for the full year, was S\$1.9 million or 18% higher year-on-year at S\$13.1 million. Allowance for doubtful receivables was 0.6% of service revenue for both the quarter and full year period, same level as 4Q08, but was marginally higher than 2008 at 0.5% of service revenue.

Repair and maintenance

For the quarter, repair and maintenance expenses was S\$2.3 million or 15% higher at S\$17.8 million, and for the full year, increased S\$2.9 million or 5% to S\$66.4 million when compared to the same periods last year. The 2008 lower expenses were due to the reversal of previously over-accrued expenses in 2008. As a percentage of operating revenue, repair and maintenance was higher at 3.2% in 4Q09 and 3.1% in 2009 as compared to 2.9% and 3.0% in the same corresponding periods last year.

Other expenses

Against 4Q08, this quarter's other expenses was S\$11.3 million or 35% lower at S\$21.1 million. The year-on-year decrease for the quarter is attributed to lower losses from financial instruments & foreign exchange (S\$0.3 million net loss in 4Q09 compared to S\$5.1 million net loss in 4Q08), lower occupancy costs (S\$1.3 million) and relocation costs (S\$3.6 million). For the full year, other expenses decreased S\$5.2 million to S\$86.2 million in 2009. Major expenses contributing to the decrease were net gains from financial instruments/foreign exchange (S\$3.0 million), lower indirect content & services costs (S\$5.0 million) which is now included in cost of services, and decrease in relocation costs accrued (S\$3.3 million), offset by higher expenses in occupancy (S\$3.7 million), fixed assets written off (S\$1.8 million), and billing & collection costs (S\$1.1 million). As a percentage of

operating revenue, other expenses were lower at 3.8% for the quarter and 4.0% for the full year.

Depreciation and amortisation

For the quarter, depreciation and amortisation amounted to S\$62.9 million, 5% more than 4Q08, and for the full year, was S\$10.0 million or 4% higher year-on-year at S\$245.1 million. In 4Q09, a higher depreciation charge was made for certain software licence after a review of its recoverable useful life. For the year, the higher depreciation charge was in line with the higher fixed assets base which increased 4.2% year-on-year. As a percentage of operating revenue, depreciation and amortisation was at 11.4% for the quarter and full year periods in 2009 as compared to 11.2% and 11.1% in the same corresponding periods last year.

Liquidity and Capital Resources

| | Quarter ended 31 Dec | | | | Year ended 31 Dec | | | |
|---|----------------------|---------------|---------------|-------------|-------------------|----------------|----------------|--------------|
| | 2009 | 2008 | Incr / (Decr) | | 2009 | 2008 | Incr / (Decr) | |
| | S\$m | S\$m | S\$m | % | S\$m | S\$m | S\$m | % |
| Operating Activities | | | | | | | | |
| Profit before taxation | 83.6 | 98.9 | (15.4) | (15.5) | 385.2 | 382.8 | 2.4 | 0.6 |
| Non-cash items & net interest expense adjustments | 69.0 | 71.2 | (2.2) | (3.1) | 274.7 | 270.1 | 4.6 | 1.7 |
| Net change in working capital | (13.6) | (33.8) | (20.2) | (59.8) | 32.6 | (55.7) | (88.3) | nm |
| Income tax refund | (0.0) | (0.0) | (0.0) | - | (0.0) | 0.3 | (0.3) | nm |
| Net cash from operating activities | 139.0 | 136.4 | 2.6 | 1.9 | 692.4 | 597.5 | 94.9 | 15.9 |
| Investing Activities | | | | | | | | |
| Proceeds from disposal of fixed assets | 0.0 | 0.1 | (0.0) | (52.9) | 0.7 | 0.1 | 0.5 | @ |
| Purchase of fixed assets | (56.8) | (54.5) | 2.3 | 4.2 | (231.4) | (219.8) | 11.6 | 5.3 |
| Interest received | 0.4 | 0.2 | 0.2 | 139.7 | 0.8 | 0.9 | (0.1) | (9.1) |
| Net cash used in investing activities | (56.4) | (54.3) | 2.1 | 3.9 | (230.0) | (218.8) | 11.2 | 5.1 |
| Financing Activities | | | | | | | | |
| Proceeds from issue of shares | 0.5 | 0.3 | 0.2 | 63.1 | 2.4 | 7.9 | (5.5) | (69.7) |
| Interest paid | (2.1) | (2.3) | (0.2) | (8.2) | (24.4) | (28.5) | (4.1) | (14.5) |
| Proceeds from loans | - | - | - | - | 200.0 | - | 200.0 | nm |
| Repayment of loans | - | - | - | - | (217.9) | (54.3) | 163.6 | @ |
| Dividends paid | (85.6) | (76.9) | 8.7 | 11.3 | (316.7) | (307.7) | 9.1 | 2.9 |
| Purchase of treasury shares | - | (1.7) | (1.7) | nm | - | (5.8) | (5.8) | nm |
| Net cash used in financing activities | (87.3) | (80.7) | 6.6 | 8.2 | (356.6) | (388.4) | (31.8) | (8.2) |
| Net change in cash and cash equivalents | (4.7) | 1.4 | (6.1) | nm | 105.9 | (9.6) | (115.5) | nm |
| Cash and cash equivalents at beginning of the period | 238.9 | 126.9 | 111.9 | 88.2 | 128.3 | 138.0 | (9.6) | (7.0) |
| Cash and cash equivalents at end of the period | 234.2 | 128.3 | 105.9 | 82.5 | 234.2 | 128.3 | 105.9 | 82.5 |
| Free Cash Flow ⁽¹⁾ | 82.2 | 81.9 | 0.3 | 0.4 | 461.0 | 377.7 | 83.3 | 22.1 |

nm - Not meaningful

@ - More than +/- 300%

0.0 - Amount less than +/- S\$0.05 million

Note:

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

The Group's net cash from operating activities before working capital changes amounted to S\$152.6 million for the quarter, S\$17.5 million lower than 4Q08 due to the lower EBITDA in the quarter. After netting off the negative working capital changes of S\$13.6 million, net cash flow from operating activities totaled S\$139.0 million, 2% higher than 4Q08. This quarter's negative working capital changes were mainly attributed to higher inventory balance and lower amount due to related parties, mitigated by higher trade payables and accruals.

For the full year, the Group's net cash flow from operating activities was favorably impacted by positive working capital changes of S\$32.6 million in 2009 as against the negative working capital changes of S\$55.7 million in 2008. 2009 Group's net cash flow from operating activities amounted to S\$692.4 million, 16% higher than 2008. The positive change in working capital in 2009 was primarily contributed by increased trade payables

and accruals after netting off the higher inventory balance and other current assets as at balance sheet dates.

Higher payments for fixed assets resulted in total cash outflow from investing activities increasing 4% to S\$56.4 million in 4Q09 and 5% to S\$230.0 million for the full year. The higher capex outflow was mitigated by the positive working capital change which led to a marginally higher free cash flow for the quarter at S\$82.2 million and for the full year, was 22% higher at S\$461.0 million, when compared to 2008.

Compared to a year ago, the Group's outstanding capital expenditure commitments increased S\$35.2 million to S\$219.5 million as at 31 December 2009. The increase was mainly for commitments for new network central offices and data centre for the next generation fiber broadband network infrastructure.

For the quarter, total cash outflow from financing activities increased 8% or S\$6.6 million year-on-year to S\$87.3 million. The higher cash outlay was mainly from higher dividends paid, S\$8.7 million increase year-on-year. Against 2008, the full year's cash outflow from financing activities decreased 8% to S\$356.6 million.

As at 31 December 2009, the Group's cash and cash equivalents was 83% higher year-on-year at S\$234.2 million.

Gearing

Compared to 2008, the Group's gross debt reduced by S\$17.9 million to S\$895.8 million as at 31 December 2009. After netting off the cash balance of S\$234.2 million, the Group's net debt amounted to S\$661.6 million as at year end. This was S\$123.8 million or 16% lower compared to a year ago. As a ratio of 2008 EBITDA, the Group's net gearing ratio improved from 1.2 times as at 31 December 2008 to 1.0 time as at 31 December 2009.

Statement of Financial Position

The Group's total non-current assets decreased from S\$1,251.7 million in 2008 to S\$1,206.2 million in 2009. The year-on-year decrease is largely due to lower net book values of property, plant and equipment as well as reduced deferred tax assets.

Compared to last year, the Group's total current assets were up S\$116.9 million to S\$526.4 million as at 31 December 2009, with increase largely contributed by higher cash and bank balance.

As at 31 December 2009, total current liabilities amounted to S\$925.5 million, 16% higher than S\$795.5 million recorded last year. The increase in total current liabilities included reclassification of bank loans from non-current to current liabilities, coupled with increase in trade payables and accruals as well as higher provision for taxation.

Non-current liabilities decreased from S\$757.7 million last year to S\$681.3 million as at 31 December 2009. Lower bank loans offset by higher deferred tax liabilities were the main reasons contributing to lower non-current liabilities year-on-year.

Shareholders' equity of the Group increased by S\$17.7 million to S\$125.8 million as at 31 December 2009 due to increased profits reserve accumulated for the period.

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

For the full year ended 31 December 2009, the Group's total service revenue was 1.3% higher year-on-year. We had guided for the full year's service revenue to be around the 2008 level.

As a percentage of service revenue, 2009 EBITDA margin was 31.8%, in line with our guidance of EBITDA margin on service revenue of around 32% for the full year.

The Group's year-to-date capex payment totaled 10.8% of operating revenue, in line with our cash capex guidance of not exceeding 11% of operating revenue.

15. GROUP OUTLOOK

According to the press release from the Ministry of Trade and Industry, Singapore is expected to recover from the global financial crisis in 2010, returning to positive growth of between 3% and 5%. Nonetheless, Singapore's heavy dependence on external demand will ensure that its economic performance remains highly correlated with the global economic recovery. The improved economic outlook is expected to have a positive impact on consumer and business spending for telecommunication, media and entertainment services.

With the launch of the next generation National Broadband Network (NBN) expected within the first half of 2010, we expect more new initiatives to be introduced by the Infocomm Development Authority of Singapore (iDA) to encourage the greater use of the high speed broadband network. StarHub Group as an established retail service provider and Nucleus Connect (the official operating company of NBN) will be keen to tap the new growth business opportunities from this new infrastructure.

In the area of content costs especially for TV contents, we expect these to remain high. For the year 2010, while we expect to see some savings from the non carriage of Barclays Premier League after mid year, we expect higher costs in other content areas as both Pay TV operators enhance their content offerings to viewers.

Based on the current outlook, we expect the Group 2010 operating revenue growth in the low single digit range and the Group EBITDA margin on service revenue to be around 30%. The 2010 cash capital expenditure, as a percentage of operating revenue, is expected to increase but not exceed 14%. These increases in capital expenditure, driven by the new IT business support systems and the roll out capital expenditure of Nucleus Connect, will result in 2010 depreciation being higher at around 13% of operating revenue. We expect to maintain the cash dividend payout 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 | Final |
| 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 | Final |
| Dividend Type | Cash; Tax exempt (1-tier) dividend |
| Dividend Amount | S\$0.045 per ordinary share |
| Tax Rate | Exempt (1-tier) |

(c) Date payable

The Directors have proposed a final dividend of 5 cents per ordinary share, tax exempt (1-tier) for approval by shareholders at the forthcoming annual general meeting to be convened. Details on payment of dividend will be announced in due course.

(d) Book closure date

Details on closure of books will be announced in due course.

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

Not applicable.

18. SUPPLEMENTARY INFORMATION – PROVIDED SOLELY FOR MARKET COMPARISON

The Group operates as a fully integrated organisation. The analysis below shows EBITDA by each network platform namely – Fixed, Mobile and Cable (TV and Broadband). The analysis assumes allocations based on the principle of emulating, as closely as possible, the fundamentals of each business segment as if each platform had operated as a standalone entity, after allocation of certain shared costs and eliminations of intra-group transactions. Sourcing of internal supply from Fixed Network Services by Mobile and Cable is on a “pass through” cost basis.

Fourth quarter ended 31 December 2009

| Network Platforms | Fixed S\$m | Mobile S\$m | Cable S\$m | Elimination S\$m | Total S\$m |
|--------------------------------|-----------------------|------------------------|-----------------------|-----------------------------|-----------------------|
| Total revenue | 118.6 | 311.1 | 163.2 | (43.0) | 550.0 |
| Service revenue | 78.8 | 280.6 | 161.7 | | 521.0 |
| Sale of equipment | - | 28.4 | 0.5 | | 28.9 |
| EBITDA | 28.3 | 91.5 | 32.3 | - | 152.1 |
| EBITDA as % of service revenue | 35.9% | 32.6% | 20.0% | | 29.2% |

Full year ended 31 December 2009

| Network Platforms | Fixed S\$m | Mobile S\$m | Cable S\$m | Elimination S\$m | Total S\$m |
|--------------------------------|-----------------------|------------------------|-----------------------|-----------------------------|-----------------------|
| Total revenue | 483.6 | 1,191.9 | 651.7 | (177.2) | 2,150.0 |
| Service revenue | 317.5 | 1,094.0 | 646.0 | | 2,057.5 |
| Sale of equipment | 0.2 | 90.8 | 1.6 | | 92.6 |
| EBITDA | 121.8 | 395.0 | 136.7 | - | 653.5 |
| EBITDA as % of service revenue | 38.4% | 36.1% | 21.2% | | 31.8% |

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

1. SEGMENT REPORTING

| | 2009 | 2008 |
|---|----------------|----------------|
| | S\$m | S\$m |
| Mobile | 1,094.0 | 1,079.0 |
| Pay TV | 405.5 | 398.2 |
| Broadband | 240.5 | 253.2 |
| Fixed network services | 317.5 | 299.9 |
| Sale of equipment | 92.6 | 97.3 |
| Operating revenue | 2,150.0 | 2,127.6 |
| EBITDA | 653.5 | 644.4 |
| Depreciation & amortisation (net of asset grants) | (245.1) | (235.1) |
| Interest income | 0.8 | 0.8 |
| Interest on borrowings | (24.1) | (27.3) |
| Profit before taxation | 385.2 | 382.8 |
| Taxation | (65.5) | (71.5) |
| Profit for the year | 319.7 | 311.3 |
| Assets and liabilities | | |
| Non-current assets | 1,206.2 | 1,251.7 |
| Current assets | 526.4 | 409.5 |
| Total assets | 1,732.6 | 1,661.3 |
| Bank loans | 895.8 | 913.7 |
| Other non-current liabilities | 75.9 | 61.9 |
| Current liabilities | 635.1 | 577.6 |
| Total liabilities | 1,606.8 | 1,553.2 |
| Other segment information | | |
| Capital expenditure | 227.1 | 221.6 |
| Free cash flow ⁽¹⁾ | 461.0 | 377.7 |

Note:

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

2. SEGMENT PERFORMANCE

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

3. BREAKDOWN OF SALES

| | 2009 | 2008 | Incr / (Decr) | |
|--|-------------|-------------|----------------------|----------|
| | S\$m | S\$m | S\$m | % |
| Operating revenue reported for first half year | 1,063.0 | 1,066.3 | (3.3) | -0.3 |
| Operating profit after tax before deducting minority interests reported for first half year | 160.3 | 144.3 | 15.9 | 11.0 |
| Operating revenue reported for second half year | 1,087.1 | 1,061.3 | 25.8 | 2.4 |
| Operating profit after tax before deducting minority interests reported for second half year | 159.4 | 167.0 | (7.6) | -4.5 |

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

| | Year ended 31 Dec | |
|---|--------------------------|--------------|
| | 2009 | 2008 |
| | S\$m | S\$m |
| Ordinary shares (include proposed final dividend) | 325.3 | 307.8 |
| Preference shares | - | - |
| Total Annual Dividend | 325.3 | 307.8 |

INTERESTED PERSON TRANSACTIONS

| | Aggregate value of all transactions conducted under a shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual (excluding transactions less than S\$100,000) 1 January to 31 December 2009 S\$m |
|--|--|
| Transactions for the Sales of Goods & Services | |
| Capitaland Limited & its associates | 0.2 |
| Singapore Telecommunications Limited & its associates | 57.3 |
| TeleChoice International Ltd & its associates | 2.5 |
| Temasek Holdings (Private) Limited & its associates (other than those disclosed above) | 0.9 |
| | 60.9 |
| Transactions for the Purchase of Goods & Services | |
| Capitaland Limited & its associates | 4.5 |
| Singapore Power Limited & its associates | 25.7 |
| Singapore Telecommunications Limited & its associates | 134.3 |
| STT Communications Ltd and its associates | 2.3 |
| TeleChoice International Ltd & its associates | 119.3 |
| Temasek Holdings (Private) Limited & its associates (other than those disclosed above) | 6.1 |
| | 292.2 |

There are no interested person transactions (excluding transactions less than S\$100,000 and transactions conducted under a shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual) entered into by StarHub Ltd and its subsidiaries for the period 1 January to 31 December 2009.



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Independent auditors' report

Members of the Company
StarHub Ltd

We have audited the accompanying financial statements of StarHub Ltd (the Company) and its subsidiaries (the Group), which comprise the statements of financial position of the Group and the Company as at 31 December 2009, the income statement and statement of comprehensive income, statement of changes in equity and cash flow statement of the Group, and the income statement and statement of comprehensive income and statement of changes in equity of Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages FS1 to FS51.

Management's responsibility for the financial statements

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

- (a) devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair income statements and statements of financial position and to maintain accountability of assets;
- (b) selecting and applying appropriate accounting policies; and
- (c) making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.




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

Opinion

In our opinion:

- (a) the consolidated financial statements of the Group and the statement of financial position, the income statement and statement of comprehensive income and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2009 and the results, changes in equity and cash flows of the Group and the results and changes in equity of the Company for the year ended on that date; and
- (b) the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.


KPMG LLP
*Public Accountants and
Certified Public Accountants*

Singapore

4 February 2010