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## **STARHUB LTD**

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### **Announcement of Unaudited Results for the Third Quarter and Nine Months ended 30 September 2017**

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StarHub is pleased to announce the unaudited results for the third quarter and nine months ended 30 September 2017.

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**Results for the Third Quarter and Nine Months ended 30 September 2017**


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**1. GROUP INCOME AND COMPREHENSIVE INCOME STATEMENTS****1.1 GROUP INCOME STATEMENT**

	Quarter ended 30 Sep				Nine Months ended 30 Sep			
	2017 S\$m	2016 S\$m	Incr / (Decr) S\$m	%	2017 S\$m	2016 S\$m	Incr/ (Decr) S\$m	%
Total revenue	580.4	585.3	(4.9)	(0.8)	1,751.7	1,761.9	(10.1)	(0.6)
Operating expenses	(481.8)	(479.7)	2.1	0.4	(1,447.7)	(1,433.1)	14.6	1.0
Other income	3.0	7.1	(4.1)	(58.2)	3.7	27.6	(23.9)	(86.6)
<b>Profit from operations</b>	<b>101.5</b>	<b>112.7</b>	<b>(11.2)</b>	<b>(9.9)</b>	<b>307.7</b>	<b>356.4</b>	<b>(48.6)</b>	<b>(13.7)</b>
Finance income	1.1	1.4	(0.3)	(20.3)	2.6	2.7	(0.1)	(4.5)
Finance expense <sup>(1)</sup>	(7.4)	(7.7)	(0.4)	(4.7)	(22.6)	(18.8)	3.8	20.1
	<b>95.3</b>	<b>106.4</b>	<b>(11.1)</b>	<b>(10.4)</b>	<b>287.7</b>	<b>340.3</b>	<b>(52.6)</b>	<b>(15.4)</b>
Non-operating (expense) / income <sup>(2)</sup>	(0.7)	-	(0.7)	-	(0.7)	9.5	(10.1)	(107.0)
Share of loss of associate (net of tax)	(0.8)	(0.9)	(0.1)	(11.5)	(1.9)	(1.4)	0.5	37.8
<b>Profit before taxation</b>	<b>93.9</b>	<b>105.5</b>	<b>(11.7)</b>	<b>(11.0)</b>	<b>285.2</b>	<b>348.4</b>	<b>(63.2)</b>	<b>(18.1)</b>
Taxation	(17.3)	(19.5)	(2.2)	(11.1)	(49.9)	(61.0)	(11.1)	(18.2)
<b>Profit for the period</b>	<b>76.5</b>	<b>86.0</b>	<b>(9.5)</b>	<b>(11.0)</b>	<b>235.3</b>	<b>287.4</b>	<b>(52.1)</b>	<b>(18.1)</b>
Attributable to:								
Equity holders of the Company	76.2	86.0	(9.9)	(11.5)	234.9	287.4	(52.5)	(18.3)
Non-controlling interests	0.4	-	0.4	-	0.4	-	0.4	-
	<b>76.5</b>	<b>86.0</b>	<b>(9.5)</b>	<b>(11.0)</b>	<b>235.3</b>	<b>287.4</b>	<b>(52.1)</b>	<b>(18.1)</b>
<b>EBITDA</b>	<b>176.0</b>	<b>179.1</b>	<b>(3.1)</b>	<b>(1.7)</b>	<b>517.0</b>	<b>554.4</b>	<b>(37.4)</b>	<b>(6.7)</b>
<b>EBITDA as % of service revenue</b>	<b>32.3%</b>	<b>32.8%</b>	<b>-0.5% pts</b>		<b>31.8%</b>	<b>33.8%</b>	<b>-2.0% pts</b>	
<b>Free Cash Flow <sup>(3)</sup></b>	<b>120.2</b>	<b>2.4</b>	<b>117.8</b>	<b>nm</b>	<b>253.0</b>	<b>229.4</b>	<b>23.6</b>	<b>10.3</b>
<i>Profit from operations is arrived after charging the following:</i>								
<i>Allowance for doubtful receivables and bad debts written off</i>	3.3	4.9	(1.7)	(33.3)	13.3	12.8	0.5	3.7
<i>Depreciation and amortisation (net of asset grants)</i>	74.5	66.4	8.1	12.2	209.3	198.0	11.3	5.7
<i>Foreign exchange (gain) / loss</i>	1.5	0.8	0.6	75.8	(2.4)	3.0	(5.4)	(178.4)
<i>Changes in fair value of financial instruments</i>	-	(3.3)	(3.3)	nm	0.0	1.8	(1.8)	(98.5)

nm – Not meaningful

**Notes:**

(1) Finance expense includes interest and other financing charges

(2) Non-operating (expense) / income refers to the fair value (loss) / gain on initial recognition of available-for-sale investment

(3) Free Cash Flow refers to net cash from operating activities less purchase of property, plant and equipment and intangible assets in the cash flow statement

(4) Numbers include the consolidation of Accel Systems &amp; Technologies Pte Ltd (ASTL), a newly acquired subsidiary

(5) Numbers in all tables may not exactly add up due to rounding

1.2 GROUP COMPREHENSIVE INCOME STATEMENT

	Quarter ended 30 Sep				Nine Months ended 30 Sep			
	2017 S\$m	2016 S\$m	Incr / (Decr) S\$m	%	2017 S\$m	2016 S\$m	Incr/ (Decr) S\$m	%
<b>Profit for the period</b>	<b>76.5</b>	<b>86.0</b>	<b>(9.5)</b>	<b>(11.0)</b>	<b>235.3</b>	<b>287.4</b>	<b>(52.1)</b>	<b>(18.1)</b>
Other comprehensive income Items that are or may be reclassified subsequently to profit or loss:								
Foreign currency translation differences	0.1	-	0.1	nm	0.1	0.1	-	-
Effective portion of changes in fair value of cash flow hedge	(2.0)	(0.1)	1.9	nm	(12.2)	(0.5)	11.7	nm
Change in fair value of available- for-sale financial assets	(5.9)	6.2	(12.1)	(195.7)	3.3	8.2	(4.8)	(58.9)
Other comprehensive income for the period (net of taxation)	(7.9)	6.1	(13.9)	nm	(8.7)	7.8	(16.5)	nm
<b>Total comprehensive income for the period</b>	<b>68.7</b>	<b>92.1</b>	<b>(23.4)</b>	<b>(25.4)</b>	<b>226.6</b>	<b>295.2</b>	<b>(68.6)</b>	<b>(23.2)</b>
Attributable to:								
Equity holders of the Company	68.3	92.1	(23.8)	(25.8)	226.2	295.2	(69.0)	(23.4)
Non-controlling interests	0.4	-	0.4	-	0.4	-	0.4	-
	<b>68.7</b>	<b>92.1</b>	<b>(23.4)</b>	<b>(25.4)</b>	<b>226.6</b>	<b>295.2</b>	<b>(68.6)</b>	<b>(23.2)</b>

nm – Not meaningful

## 1.3 GROUP PERFORMANCE REVIEW FOR THE PERIOD ENDED 30 SEPTEMBER 2017

## (A) Revenue

Revenue	Quarter ended 30 Sep				Nine Months ended 30 Sep			
	2017 S\$m	2016 S\$m	Incr / (Decr) S\$m	%	2017 S\$m	2016 S\$m	Incr/ (Decr) S\$m	%
Mobile	297.0	299.4	(2.3)	(0.8)	895.9	902.8	(6.9)	(0.8)
Pay TV	85.7	93.6	(7.9)	(8.5)	262.0	283.9	(21.9)	(7.7)
Broadband	53.2	54.7	(1.5)	(2.8)	159.7	162.6	(2.9)	(1.8)
Enterprise Fixed services	109.4	98.4	11.1	11.3	307.3	292.8	14.6	5.0
Service revenue	545.4	546.1	(0.7)	(0.1)	1,625.0	1,642.1	(17.1)	(1.0)
Sales of equipment	35.0	39.2	(4.2)	(10.6)	126.8	119.8	7.0	5.8
Total revenue	580.4	585.3	(4.9)	(0.8)	1,751.7	1,761.9	(10.1)	(0.6)

Revenue mix	Quarter ended 30 Sep		Nine Months ended 30 Sep	
	2017 Mix %	2016 Mix %	2017 Mix %	2016 Mix %
Mobile	51.2	51.2	51.1	51.3
Pay TV	14.8	16.0	15.0	16.1
Broadband	9.2	9.3	9.1	9.2
Enterprise Fixed	18.8	16.8	17.6	16.6
Sales of equipment	6.0	6.7	7.2	6.8
Total	100.0	100.0	100.0	100.0

The Group's 3Q2017 total revenue of S\$580.4 million was S\$4.9 million or 0.8% lower YoY (year-on-year), mainly attributed to lower service revenues from Mobile, Pay TV and Broadband services, along with lower sales of equipment. For the nine-month period, the Group's total revenue of S\$1,751.7 million was S\$10.1 million or 0.6% lower due to lower Mobile, Pay TV and Broadband service revenues, partially mitigated by Enterprise Fixed service revenue and higher sales of equipment. The growth in fixed service revenue was partly due to the consolidation of Accel Systems & Technologies Pte Ltd (ASTL), a newly acquired cyber security solutions provider.

For both the 3Q2017 and the nine-month periods, Mobile service revenue decreased 0.8% YoY to S\$297.0 million and S\$895.9 million respectively. Both decreases were mainly attributed to lower voice, IDD and outbound roaming usage, partially mitigated by increased usage of data, coupled with higher revenue from mobile value-added services.

Pay TV registered a drop in service revenue of 8.5% in 3Q2017 and 7.7% for the nine-month period, while Broadband service revenue was lower by 2.8% and 1.8% YoY respectively when compared against the corresponding periods. The decreases for both services were primarily due to a lower subscriber base.

Enterprise Fixed service revenue for 3Q2017 and the nine-month period grew by 11.3% and 5.0% respectively, mainly driven by managed services (inclusive of ASTL's 3Q2017 results). Excluding ASTL's results, Enterprise Fixed service revenue would have increased by 4.3% and 2.6% for 3Q2017 and the nine-month period respectively.

While revenue from sales of equipment for 3Q2017 declined by 10.6% YoY due to lower quantities sold, the nine-month period increased by 5.8% YoY from sales of higher mix of premium handsets.

**(B) Operating expenses**

	Quarter ended 30 Sep				Nine Months ended 30 Sep			
	2017	2016	Incr / (Decr)		2017	2016	Incr/ (Decr)	
Operating expenses	S\$m	S\$m	S\$m	%	S\$m	S\$m	S\$m	%
Cost of sales	225.2	232.3	(7.1)	(3.0)	711.7	679.1	32.5	4.8
Other operating expenses	256.6	247.4	9.2	3.7	736.0	754.0	(18.0)	(2.4)
Total	481.8	479.7	2.1	0.4	1,447.7	1,433.1	14.6	1.0

For 3Q2017 and the nine-month period, total operating expenses grew by 0.4% to S\$481.8 million and by 1.0% to S\$1,447.7 million respectively. The increase for 3Q2017 was due to higher other operating expenses partially mitigated by lower cost of sales, while the increase for the nine-month period was from higher cost of sales, partially offset by lower other operating expenses.

As a percentage of revenue, total operating expenses for 3Q2017 and the nine-month period were at 83.0% and 82.6% respectively compared to 82.0% and 81.3% in the corresponding periods last year.

A breakdown of total operating expenses is as follows:

**(i) Cost of sales**

	Quarter ended 30 Sep				Nine Months ended 30 Sep			
	2017	2016	Incr / (Decr)		2017	2016	Incr/ (Decr)	
Cost of sales	S\$m	S\$m	S\$m	%	S\$m	S\$m	S\$m	%
Cost of equipment sold	85.8	97.0	(11.2)	(11.5)	299.8	288.7	11.1	3.8
Cost of services	111.2	105.1	6.1	5.8	326.9	297.7	29.2	9.8
Traffic expenses	28.2	30.2	(2.0)	(6.6)	85.0	92.7	(7.7)	(8.3)
Total	225.2	232.3	(7.1)	(3.0)	711.7	679.1	32.5	4.8

For 3Q2017, cost of sales decreased by 3.0% driven by lower cost of equipment and traffic expenses, partially offset by higher cost of services. For the nine-month period, cost of sales increased by 4.8% due to higher cost of equipment and cost of services, mitigated by lower traffic expenses.

The decrease in cost of equipment for 3Q2017 was due to lower quantities sold, while the increase for the nine-month period was attributed to sales of higher mix of premium handsets.

The increase in cost of services for both the corresponding periods was primarily driven by higher fibre broadband and managed services cost.

Traffic expenses were lower primarily from decreases in domestic and international traffic volume.

**(ii) Other operating expenses**

	Quarter ended 30 Sep				Nine Months ended 30 Sep			
	2017	2016	Incr / (Decr)		2017	2016	Incr/ (Decr)	
<b>Other operating expenses</b>	<b>S\$m</b>	<b>S\$m</b>	<b>S\$m</b>	<b>%</b>	<b>S\$m</b>	<b>S\$m</b>	<b>S\$m</b>	<b>%</b>
Staff costs	68.5	70.2	(1.7)	(2.5)	197.9	207.8	(9.9)	(4.8)
Operating leases	28.1	26.5	1.6	6.2	89.1	87.5	1.6	1.8
Marketing and promotions	28.6	27.6	0.9	3.4	84.7	95.0	(10.3)	(10.9)
Allowance for doubtful receivables	3.3	4.9	(1.7)	(33.3)	13.3	12.8	0.5	3.7
Repair and maintenance	24.6	22.3	2.3	10.3	73.3	70.6	2.6	3.7
Other expenses	29.1	29.5	(0.4)	(1.3)	68.5	82.3	(13.7)	(16.7)
Subtotal	182.1	181.0	1.1	0.6	526.7	556.0	(29.3)	(5.3)
Depreciation and amortisation (net of asset grants)	74.5	66.4	8.1	12.2	209.3	198.0	11.3	5.7
Total	256.6	247.4	9.2	3.7	736.0	754.0	(18.0)	(2.4)

The Group's total other operating expenses were S\$9.2 million or 3.7% higher YoY for 3Q2017. For the nine-month period, total other operating expenses decreased by S\$18.0 million to S\$736.0 million. As a percentage of total revenue, other operating expenses increased to 44.2% in 3Q2017 when compared to 42.3% in 3Q2016. For the nine-month period, other operating expenses as a percentage of total revenue decreased from 42.8% to 42.0%.

Analysis of major variances in other operating expenses is provided below:

Staff costs

For the nine-month period, there was a reversal of accruals for share-based payments expenses no longer required. Excluding this reversal, staff costs were 1.8% lower. The YoY drop in staff costs in both 3Q2017 and the nine-month period was primarily due to lower variable bonus expenses.

Operating leases

Operating leases were higher for 3Q2017 and the nine-month period by 6.2% and 1.8% YoY respectively compared to the corresponding periods last year. In both 3Q2016 and year-to-date 2016 periods, operating leases included reversals of accruals no longer required. Excluding these reversals, operating leases for both 3Q2017 and the nine-month period were lower by 16.5% and 10.5% respectively, mainly from lower duct lease rental.

Marketing and promotions

The marketing and promotions expenses for 3Q2017 remained stable, while it was lower by 10.9% for the nine-month period primarily driven by lower acquisition and re-contract costs from lower sales volume.

Allowance for doubtful receivables

Compared to 3Q2016, allowance for doubtful receivables was lower due to improved collections. Allowance for doubtful receivables was higher for the nine-month period mainly due to higher allowance for corporate customer receivables.

Repair and maintenance

Repair and maintenance expense for both 3Q2017 and the nine-month period increased 10.3% and 3.7% YoY respectively, mainly driven by maintenance cost for new systems and network infrastructure.

Other expenses

Other expenses in 3Q2017 decreased by S\$0.4 million YoY, largely attributed to lower licence fees and allowance for stock obsolescence. For the nine-month period, other expenses were lower by S\$13.7 million, mainly due to foreign exchange gains recognised in the nine-month period compared to the unfavourable changes in fair value of derivative financial instruments in the same period last year, lower licence fees and higher miscellaneous income. Excluding the foreign exchange impact, other expenses for both 3Q2017 and the nine-month period would be lower by 13.4% and 8.4% YoY.

Depreciation and amortisation

The higher depreciation and amortisation expenses for both 3Q2017 and nine-month period were mainly due to higher additions of property, plant and equipment and intangible assets made in 2016 and the additions of 4G spectrum in 2Q2017.

**(C) Other income**

Other income was S\$4.1 million lower for 3Q2017 and S\$23.9 million lower for the nine-month period, mainly due to lower NBN grants. All rollout grants have been fully amortised and adoption grants from residential fibre have been fully claimed in 2016.

**(D) Profitability**

Profit from operations of S\$101.5 million in 3Q2017 and S\$307.7 million in the nine-month period was lower by S\$11.2 million and S\$48.6 million YoY respectively. The decrease was mainly due to lower service revenue, lower income grants and higher operating expenses.

EBITDA in 3Q2017 of S\$176.0 million was 1.7% lower YoY and EBITDA margin as a percentage of service revenue declined by 0.5% points to 32.3% compared to 3Q2016. For the nine-month period, EBITDA of S\$517.0 million was lower by 6.7%, leading to a lower EBITDA margin as a percentage of service revenue at 31.8% compared to 33.8% in the corresponding period last year.

The finance income was lower in 3Q2017 by S\$0.3 million, while the nine-month period remained relatively stable. Finance expenses for 3Q2017 decreased by S\$0.4 million YoY, while finance expenses increased by S\$3.8 million for the nine-month period. This was mainly due to the issuance of S\$300.0 million medium term notes in 2Q2016.

The share of loss from associate was lower for 3Q2017, but higher for the nine-month period when compared to the corresponding periods last year.

Compared to the corresponding periods last year, profit before taxation at S\$93.9 million in 3Q2017 and S\$285.2 million for the nine-month period was S\$11.7 million and S\$63.2 million lower respectively mainly due to lower profit from operations. In addition, there was a one-time fair value gain of S\$9.5 million in 2Q2016 and a fair value loss of S\$0.7 million in

3Q2017 for the additional investment in mm2 Asia Ltd (“mm2”). As a result, taxation expenses were lower at S\$17.3 million in 3Q2017 and S\$49.9 million in the current nine-month period.

## 2. BUSINESS REVIEW

### Mobile Services

	Quarter ended 30 Sep				Nine Months ended 30 Sep			
	2017	2016	Incr / (Decr)		2017	2016	Incr / (Decr)	
	S\$m	S\$m	S\$m	%	S\$m	S\$m	S\$m	%
Mobile revenue	297.0	299.4	(2.3)	(0.8)	895.9	902.8	(6.9)	(0.8)

Mobile operating statistics	Quarter ended / As of			9 Months ended / As of		YoY
	30 Sep 2017	30 Jun 2017	30 Sep 2016	30 Sep 2017	30 Sep 2016	Incr / (Decr) %
Number of registered customers (in thousands)						
Post-paid	1,362	1,385	1,373	1,362	1,373	(0.8)
Pre-paid	895	905	902	895	902	(0.9)
Total	2,256	2,290	2,275	2,256	2,275	(0.8)
Monthly minutes of use per registered customer						
Post-paid	186	185	206	187	210	(11.2)
Pre-paid	130	141	201	143	219	(34.6)
ARPU with IDD included (S\$ per month)						
Post-paid	69	70	69	69	70	(1.4)
Pre-paid	14	15	16	15	16	(8.8)
Tiered data plans						
Percentage of total Post-paid customers	69.8%	68.4%	66.7%	69.8%	66.7%	-
Percentage of tiered data plan customers exceeding data bundles <sup>(1)</sup>	38.1%	33.4%	28.2%	34.5%	25.0%	-
Average monthly churn rate (post-paid)	1.6%	1.0%	0.8%	1.2%	0.9%	-
Singapore mobile penetration <sup>(2)</sup>	151.1%	150.8%	149.3%	151.1%	149.3%	-
Market Share <sup>(2)</sup>	26.6%	27.1%	27.2%	26.6%	27.2%	-

**Note:**

(1) Prior periods' figures have been restated to reflect percentage of customers exceeding primary data bundles.

(2) Source: IMDA (As of July 2017)

Compared to 3Q2016, the overall Mobile service revenue of S\$297.0 million was S\$2.3 million or 0.8% lower YoY. Against the nine-month period last year, Mobile service revenue of S\$895.9 million was S\$6.9 million or 0.8% lower YoY. The lower revenue was mainly due to the lower usage from voice, IDD and roaming services, partly mitigated by an increase in mobile value-added services revenue and growing data usage.



**Post-paid mobile services**

As of 30 September 2017, post-paid mobile subscriber base stood at 1,362,000 subscribers after the quarter's net churn of 23,000 subscribers. Compared to a year ago, post-paid customer base decreased by 11,000 customers or 0.8%.

Post-paid mobile ARPU remained stable at S\$69 in 3Q2017 and lower YoY by \$1 for the nine-month period, mainly due to lower IDD, local voice and roaming usage. The percentage of customers on tiered data mobile subscription plans increased YoY from 66.7% to 69.8%. The percentage of tiered data customers exceeding their primary data bundle rose to 38.1% in 3Q2017 and 34.5% for the nine month period, up from 28.2% and 25.0% a year ago.

Post-paid mobile monthly average churn rate was higher YoY at 1.6% in 3Q2017 and 1.2% for the nine-month period due to the one-time termination of 23,000 inactive legacy data-only lines. Excluding this one-time termination, the normalised post-paid monthly average churn rate remained stable at 1.0% for both 3Q2017 and the nine-month period.

**Pre-paid mobile services**

As of 30 September 2017, pre-paid mobile customer base was 895,000 customers after the quarter's net churn of 10,000 customers. Compared to a year ago, pre-paid customer base decreased by 7,000 customers or 0.9% YoY.

Pre-paid mobile ARPU at S\$14 for 3Q2017 and S\$15 for the nine-month period was S\$2 and S\$1 lower YoY respectively due to continued decline in voice and IDD usage.

**Pay TV Services**

	Quarter ended 30 Sep				Nine Months ended 30 Sep			
	2017	2016	Incr / (Decr)		2017	2016	Incr/ (Decr)	
	S\$m	S\$m	S\$m	%	S\$m	S\$m	S\$m	%
Pay TV revenue	85.7	93.6	(7.9)	(8.5)	262.0	283.9	(21.9)	(7.7)

Pay TV operating statistics	Quarter ended / As of			9 Months ended / As of		YoY
	30 Sep 2017	30 Jun 2017	30 Sep 2016	30 Sep 2017	2016	Incr / (Decr) %
Number of residential Pay TV customers (in thousands)	467	477	507	467	507	(7.9)
ARPU (S\$ per month)	51	51	51	51	51	-
Average monthly churn rate	0.9%	0.9%	1.0%	1.0%	1.0%	-

Pay TV service revenue of S\$85.7 million in 3Q2017 and S\$262.0 million in the nine-month period were 8.5% and 7.7% lower YoY respectively. The decrease was mainly due to a lower subscriber base.

As of 30 September 2017, Pay TV subscriber base was 467,000 subscribers after the quarter's net churn of 10,000 subscribers. Compared to a year ago, Pay TV subscriber base decreased by 40,000 subscribers or 7.9%.

Pay TV ARPU at S\$51 in both 3Q2017 and the nine-month period remained stable compared to last year.

Monthly average churn for Pay TV stood at 0.9% for 3Q2017 and 1.0% for the nine-month period.

**Broadband Services**

	Quarter ended 30 Sep				Nine Months ended 30 Sep			
	2017	2016	Incr / (Decr)		2017	2016	Incr/ (Decr)	
	S\$m	S\$m	S\$m	%	S\$m	S\$m	S\$m	%
Broadband revenue	53.2	54.7	(1.5)	(2.8)	159.7	162.6	(2.9)	(1.8)

Broadband operating statistics	Quarter ended / As of			9 Months ended / As of		YoY Incr / (Decr) %
	30 Sep	30 Jun	30 Sep	30 Sep		
	2017	2017	2016	2017	2016	
Number of residential broadband customers - subscription-based (in thousands)	466	467	475	466	475	(1.9)
Number of fibre broadband customers - subscription-based (in thousands)	376	373	351	376	351	7.1
ARPU (S\$ per month)	37	36	37	37	37	-
Average monthly churn rate	1.1%	1.0%	1.0%	1.0%	1.1%	-

Broadband service revenue of S\$53.2 million in 3Q2017 and S\$159.7 million in the nine-month period was 2.8% and 1.8% lower respectively compared to the corresponding periods last year. The decrease was mainly due to a lower subscriber base, partially mitigated by higher mix of customers on fibre plans.

The year-to-date Broadband ARPU of \$37 remained stable against last year.

Broadband average monthly churn was lower at 1.0% in the nine months ended 30 September 2017, down from 1.1% YoY due to on-going retention efforts.

**Enterprise Fixed Services**

	Quarter ended 30 Sep				Nine Months ended 30 Sep			
	2017	2016	Incr / (Decr)		2017	2016	Incr/ (Decr)	
<b>Enterprise Fixed revenue</b>	<b>S\$m</b>	<b>S\$m</b>	<b>S\$m</b>	<b>%</b>	<b>S\$m</b>	<b>S\$m</b>	<b>S\$m</b>	<b>%</b>
Data & Internet	96.9	85.6	11.3	13.2	272.9	253.2	19.7	7.8
Voice services	12.6	12.8	(0.2)	(1.5)	34.4	39.6	(5.1)	(13.0)
<b>Total</b>	<b>109.4</b>	<b>98.4</b>	<b>11.1</b>	<b>11.3</b>	<b>307.3</b>	<b>292.8</b>	<b>14.6</b>	<b>5.0</b>

Enterprise Fixed service revenue of S\$109.4 million in 3Q2017 and S\$307.3 million in the nine-month period increased by 11.3% and 5.0% respectively YoY. This was mainly due to growth in Data & Internet services, partially offset by lower Voice services revenue.

Data & Internet service revenue increased by 13.2% in 3Q2017 and 7.8% in the nine-month period, primarily driven by higher revenue from managed services and cyber security solutions.

In both 3Q2017 and the nine-month period, Voice service revenue decreased by 1.5% and 13.0% respectively. The reduction was mainly due to lower traffic from IDD and international interconnect services.

**Hubbing (Multi-Service Households)**

<b>Hubbing Metrics</b>	<b>Quarter ended / As of</b>		
	<b>30 Sep 2017</b>	<b>30 Jun 2017</b>	<b>30 Sep 2016</b>
Total households with three or more services of Post-paid Mobile, Pay TV and Broadband and/or Digital Voice services (in thousands)	329	333	345

As of 30 September 2017, the number of households with three or more services stood at 329,000 households. This was lower compared to 345,000 households a year ago, primarily due to churn in overall TV households.

## 3. GROUP CASH FLOW STATEMENT

	Quarter ended 30 Sep		Nine Months ended 30 Sep	
	2017 S\$m	2016 S\$m	2017 S\$m	2016 S\$m
<b>Operating Activities</b>				
Profit before taxation	93.9	105.5	285.2	348.4
Adjustments for :				
Depreciation and amortisation (net of asset grants)	74.5	66.4	209.3	198.0
Income related grants	(3.0)	(7.1)	(3.7)	(27.4)
Share-based payments expenses	2.3	2.2	0.7	6.8
Changes in fair value of financial instruments	-	(3.3)	-	1.8
Net finance expenses	6.2	6.3	20.0	16.1
Non-operating income	0.7	-	0.7	(9.5)
Share of loss of associate (net of tax)	0.8	0.9	1.9	1.4
Others	0.7	-	1.0	1.2
Operating cash flow before working capital changes	176.0	170.9	515.1	536.8
Changes in operating assets and liabilities	28.5	2.6	3.4	1.5
Income tax paid	(31.9)	(21.0)	(65.0)	(68.6)
<b>Net cash from operating activities</b>	<b>172.5</b>	<b>152.5</b>	<b>453.6</b>	<b>469.7</b>
<b>Investing Activities</b>				
Interest received	0.4	1.5	1.7	2.4
Proceeds from disposal of property, plant and equipment and intangible assets	0.1	0.2	0.4	0.3
Purchase of property, plant and equipment and intangible assets	(52.4)	(150.1)	(200.6)	(240.3)
Purchase of available-for-sale financial assets	(15.0)	-	(15.0)	(18.0)
(Loan to)/Repayment of loan from an associate	-	(7.5)	1.1	(7.5)
Acquisition of subsidiary, net of cash acquired	(22.6)	-	(22.6)	-
<b>Net cash used in investing activities</b>	<b>(89.5)</b>	<b>(155.9)</b>	<b>(235.0)</b>	<b>(263.1)</b>
<b>Financing Activities</b>				
Net proceeds from issue of perpetual capital securities	-	-	199.6	-
Grants received	3.1	4.8	6.6	28.3
Proceeds from issue of medium term notes	-	-	-	300.0
Repayment of bank loans	(10.0)	-	(10.0)	-
Dividends paid	(69.2)	(86.6)	(224.7)	(259.7)
Finance expenses paid	(5.6)	(5.1)	(20.9)	(16.0)
<b>Net cash (used in) / from financing activities</b>	<b>(81.6)</b>	<b>(86.9)</b>	<b>(49.5)</b>	<b>52.6</b>
<b>Net change in cash and cash equivalents</b>	<b>1.4</b>	<b>(90.3)</b>	<b>169.1</b>	<b>259.2</b>
Cash and cash equivalents at beginning of the period	452.9	522.9	285.2	173.4
<b>Cash and cash equivalents at end of the period</b>	<b>454.3</b>	<b>432.6</b>	<b>454.3</b>	<b>432.6</b>

The Group's net cash from operating activities in 3Q2017 of S\$172.5 million was S\$20.0 million higher YoY. This was largely due to lower working capital needs, higher cash flow from operations, partially offset by higher income tax paid. Net cash from operating activities in the nine-month period of S\$453.6 million was S\$16.1 million lower YoY mainly due to lower cash flow from operations.

The positive working capital changes of S\$28.5 million in 3Q2017 were mainly due to higher trade and other payables coupled with lower other receivables, deposits and prepayments. This was partially offset by higher inventory balances, trade receivables and lower net balances due to related parties. For the nine-month period, the positive working capital changes of S\$3.4 million were mainly due to higher trade payables, net balances due to related parties and lower other receivables, deposits and prepayments. This was partially offset by higher inventory balances, higher trade receivables and lower other payables.

Net cash used in investing activities decreased S\$66.4 million to S\$89.5 million in 3Q2017, primarily due to spectrum payment of \$80.0 million in 3Q2016. This was partially offset by investments made in July 2017 for both mm2 and ASTL. Compared to last year, net cash used in investing activities decreased S\$28.1 million to S\$235.0 million in the nine-month period, mainly due to higher spectrum payment in 3Q2016, coupled with increased spending on other intangible assets. This was partially offset by mm2 and ASTL investments in 3Q2017.

The Group's CAPEX payments (including spectrum payment) amounted to S\$52.4 million in 3Q2017 and S\$200.6 million in the nine-month period, representing 9.0% and 11.5% of total revenue respectively. Excluding spectrum payments, CAPEX payments as a percentage of total revenue would have been 9.0% and 7.5% for 3Q2017 and the nine-month period respectively.

As a result of higher cash from operating activities and lower CAPEX payments, the Group's free cash flow was higher at S\$120.2 million in 3Q2017. For the nine-month period, free cash flow was higher at S\$253.0 million due to lower CAPEX payments.

Net cash used in financing activities was S\$81.6 million in 3Q2017 compared to S\$86.9 million in 3Q2016. For the nine-month period, net cash from financing activities was an outflow of S\$49.5 million compared to an inflow of S\$52.6 million in the same period last year. The net outflow for the nine-month period was primarily due to lower funds raised in 2017.

The resulting net cash generated was a surplus of S\$1.4 million in 3Q2017 and S\$169.1 million in the nine-month period. As a result, cash and cash equivalents balance was S\$21.7 million higher than a year ago.

#### Capital expenditure commitments

As of 30 September 2017, the Group's total outstanding capital expenditure commitments amounted to S\$442.9 million, including the outstanding commitments for 4G spectrum rights of S\$282.0 million.

## 4. STATEMENT OF FINANCIAL POSITION

	Group		Company	
	30 Sep 17 S\$m	31 Dec 16 S\$m	30 Sep 17 S\$m	31 Dec 16 S\$m
<b>Non-current assets</b>				
Property, plant and equipment	860.4	918.0	418.1	431.0
Intangible assets	543.0	463.8	80.2	78.3
Subsidiaries	-	-	2,503.9	2,472.8
Associate	24.0	25.9	27.8	27.8
Available-for-sale financial assets	57.7	40.0	57.7	40.0
Amount due from related parties	7.8	7.6	7.8	7.6
	<b>1,492.9</b>	<b>1,455.3</b>	<b>3,095.6</b>	<b>3,057.5</b>
<b>Current assets</b>				
Inventories	61.7	49.6	0.8	0.7
Trade receivables	192.0	172.2	157.6	141.7
Other receivables, deposits and prepayments	185.3	212.2	48.5	43.6
Amount due from related parties	29.0	21.8	156.2	19.4
Cash and cash equivalents	454.3	285.2	431.0	236.0
	<b>922.4</b>	<b>741.0</b>	<b>794.0</b>	<b>441.4</b>
Less:				
<b>Current Liabilities</b>				
Trade and other payables	725.3	707.9	320.0	309.4
Amount due to related parties	90.0	67.1	599.0	356.5
Borrowings	-	10.0	-	10.0
Provision for taxation	65.6	70.5	34.1	15.4
	<b>880.9</b>	<b>855.5</b>	<b>953.2</b>	<b>691.3</b>
<b>Net current assets / (liabilities)</b>	<b>41.5</b>	<b>(114.5)</b>	<b>(159.2)</b>	<b>(249.9)</b>
<b>Non-current liability</b>				
Trade and other payables	22.7	21.6	22.7	21.6
Borrowings	977.5	977.5	977.5	977.5
Deferred income	1.2	1.4	1.2	1.4
Deferred tax liabilities	134.3	145.4	70.4	73.5
	<b>1,135.6</b>	<b>1,145.9</b>	<b>1,071.7</b>	<b>1,074.0</b>
<b>Net assets</b>	<b>398.8</b>	<b>194.9</b>	<b>1,864.7</b>	<b>1,733.6</b>
<b>Shareholders' equity</b>				
Share capital	299.7	299.7	299.7	299.7
Perpetual Capital Securities	201.9	-	201.9	-
Reserves	(105.3)	(104.8)	1,363.2	1,433.9
	<b>396.2</b>	<b>194.9</b>	<b>1,864.7</b>	<b>1,733.6</b>
Non-controlling interests	2.6	-	-	-
<b>Total equity</b>	<b>398.8</b>	<b>194.9</b>	<b>1,864.7</b>	<b>1,733.6</b>



**GROUP BALANCE SHEET REVIEW**

Compared to 31 December 2016, the Group's total non-current assets were S\$37.6 million higher at S\$1,492.9 million as of 30 September 2017. The increase was mainly due higher intangible assets and available-for-sale financial assets stated at fair value arising from increased stake in mm2 in July 2017. This was partially offset by lower net book values for property, plant and equipment.

Total current assets of S\$922.4 million as of 30 September 2017 were S\$181.4 million higher compared to 31 December 2016, primarily due to higher cash and cash equivalents, inventories and trade receivables, partially offset by lower other receivables, deposits and prepayments.

Total current liabilities amounted to S\$880.9 million as of 30 September 2017, up from S\$855.5 million as of 31 December 2016. The increase of S\$25.4 million was due to higher trade payables and other payables and amount due to related parties, offset by lower borrowings and provision for taxation.

When compared to 31 December 2016, total non-current liabilities decreased by S\$10.3 million to S\$1,135.6 million as of 30 September 2017, mainly due to lower deferred tax liabilities and deferred income, partially offset by higher non-current trade and other payables.

The Group's shareholders' equity grew by S\$201.3 million to S\$396.2 million as of 30 September 2017. The increase was primarily due to the issuance of S\$200.0 million of subordinated perpetual capital securities (S\$199.6 million net of transaction expense) in 2Q2017 and S\$2.3 million accrued perpetual securities distribution.

In July 2017, the Group acquired 80.4% of the entire issued share capital of ASTL. ASTL is a cyber security systems integrator specialising in the provision of security solutions, consulting and managed security services. The non-controlling interests represent the balance 19.6% equity in ASTL.

## 5. GROUP UNSECURED BORROWINGS

<b>Unsecured borrowings</b>	<b>30 Sep 17</b>	<b>31 Dec 16</b>
	<b>S\$m</b>	<b>S\$m</b>
Amount repayable in one year or less		
Bank loans	-	10.0
	-	10.0
Amount repayable after one year		
Bank loans	457.5	457.5
Medium term notes	520.0	520.0
	977.5	977.5
<b>Total</b>	<b>977.5</b>	<b>987.5</b>

The Group's unsecured borrowing was lower by S\$10.0 million at S\$977.5 million as of 30 September 2017.

On the account of a higher cash and cash equivalent balance and lower total borrowings, net debt was S\$179.1 million lower at S\$523.2 million as of 30 September 2017 compared to S\$702.3 million as of 31 December 2016. As a ratio of the past 12 months' EBITDA, the Group's net debt was lower at 0.80 times as of 30 September 2017, down from 1.02 times as of 31 December 2016.

6. STATEMENT OF CHANGES IN EQUITY

Group	Share capital S\$m	Perpetual Capital Securities S\$m	Treasury shares S\$m	Goodwill written off S\$m	Share- based payment reserve S\$m	Fair value reserve S\$m	Hedging reserve S\$m	Translation reserve S\$m	Retained profits S\$m	Total Reserves S\$m	Non- controlling interests S\$m	Total equity S\$m
At 1 Jan 2017	299.7	-	(12.3)	(276.3)	14.1	12.5	4.4	1.3	151.5	(104.8)	-	194.9
<b>Total comprehensive income for the period</b>												
Profit for the period	-	-	-	-	-	-	-	-	158.8	158.8	-	158.8
Other comprehensive income												
Effective portion of changes in fair value of cash flow hedge (net of taxation)	-	-	-	-	-	-	(10.2)	-	-	(10.2)	-	(10.2)
Changes in fair value of available-for-sale financial assets	-	-	-	-	-	9.3	-	-	-	9.3	-	9.3
Total comprehensive income for the period	-	-	-	-	-	9.3	(10.2)	-	158.8	157.9	-	157.9
<b>Transactions with equity holders of the Company, recognised directly in equity</b>												
<i>Contributions by and distributions to equity holders of the Company</i>												
Issue of perpetual capital securities	-	199.6	-	-	-	-	-	-	-	199.6	-	199.6
Share-based payments expenses	-	-	-	-	(1.6)	-	-	-	-	(1.6)	-	(1.6)
Transfer from treasury shares to share-based payments reserve	-	-	3.7	-	(3.7)	-	-	-	-	-	-	-
Tax impact on transfer of treasury shares	-	-	-	-	(0.4)	-	-	-	-	(0.4)	-	(0.4)
Dividends paid	-	-	-	-	-	-	-	-	(155.6)	(155.6)	-	(155.6)
Total transactions with equity holders of the Company	-	199.6	3.7	-	(5.7)	-	-	-	(155.6)	42.0	-	42.0
At 30 Jun 2017	299.7	199.6	(8.6)	(276.3)	8.4	21.8	(5.8)	1.3	154.7	95.1	-	394.8
<b>Total comprehensive income for the period</b>												
Profit for the period	-	-	-	-	-	-	-	-	76.2	76.2	0.4	76.5
Other comprehensive income												
Foreign currency translation differences	-	-	-	-	-	-	-	0.1	-	0.1	-	0.1
Effective portion of changes in fair value of cash flow hedge (net of taxation)	-	-	-	-	-	-	(2.0)	-	-	(2.0)	-	(2.0)
Changes in fair value of available-for-sale financial assets	-	-	-	-	-	(5.9)	-	-	-	(5.9)	-	(5.9)
Total comprehensive income for the period	-	-	-	-	-	(5.9)	(2.0)	0.1	76.2	68.3	0.4	68.7
<b>Transactions with equity holders of the Company, recognised directly in equity</b>												
<i>Contributions by and distributions to equity holders of the Company</i>												
Acquisition of subsidiary with non-controlling interests	-	-	-	-	-	-	-	-	-	-	2.2	2.2
Share-based payments expenses	-	-	-	-	2.3	-	-	-	-	2.3	-	2.3
Accrued perpetual securities distribution	-	2.3	-	-	-	-	-	-	(2.3)	-	-	-
Transfer from treasury shares to share-based payments reserve	-	-	0.4	-	(0.4)	-	-	-	-	-	-	-
Tax impact on transfer of treasury shares	-	-	-	-	0.0	-	-	-	-	0.0	-	0.0
Dividends paid	-	-	-	-	-	-	-	-	(69.2)	(69.2)	-	(69.2)
Total transactions with equity holders of the Company	-	2.3	0.4	-	1.9	-	-	-	(71.5)	(66.8)	2.2	(64.6)
At 30 Sep 2017	299.7	201.9	(8.2)	(276.3)	10.3	15.9	(7.8)	1.3	159.4	96.5	2.6	398.8

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

Group	Share capital S\$m	Goodwill written off S\$m	Share-based payment reserve S\$m	Fair value reserve S\$m	Hedging reserve S\$m	Translation reserve S\$m	Retained profits S\$m	Total Reserves S\$m	Total equity S\$m
At 1 Jan 2016	293.5	(276.3)	12.3	-	0.5	1.3	156.3	(105.9)	187.6
<b>Total comprehensive income for the period</b>									
Profit for the period	-	-	-	-	-	-	201.4	201.4	201.4
Other comprehensive income									
Foreign currency translation differences	-	-	-	-	-	0.1	-	0.1	0.1
Effective portion of changes in fair value of cash flow hedge (net of taxation)	-	-	-	-	(0.4)	-	-	(0.4)	(0.4)
Changes in fair value of available-for-sale financial assets	-	-	-	2.0	-	-	-	2.0	2.0
Total comprehensive income for the period	-	-	-	2.0	(0.4)	0.1	201.4	203.1	203.1
<b>Transactions with equity holders of the Company, recognised directly in equity</b>									
<i>Contributions by and distributions to equity holders of the Company</i>									
Issue of shares pursuant to share plans	5.7	-	(5.7)	-	-	-	-	(5.7)	-
Share-based payments expenses	-	-	4.6	-	-	-	-	4.6	4.6
Dividends paid	-	-	-	-	-	-	(173.1)	(173.1)	(173.1)
Total transactions with equity holders of the Company	5.7	-	(1.1)	-	-	-	(173.1)	(174.2)	(168.5)
At 30 Jun 2016	299.2	(276.3)	11.2	2.0	0.1	1.4	184.6	(77.0)	222.2
<b>Total comprehensive income for the period</b>									
Profit for the period	-	-	-	-	-	-	86.0	86.0	86.0
Other comprehensive income									
Effective portion of changes in fair value of cash flow hedge (net of taxation)	-	-	-	-	(0.1)	-	-	(0.1)	(0.1)
Changes in fair value of available-for-sale financial assets	-	-	-	6.2	-	-	-	6.2	6.2
Total comprehensive income for the period	-	-	-	6.2	(0.1)	-	86.0	92.1	92.1
<b>Transactions with equity holders of the Company, recognised directly in equity</b>									
<i>Contributions by and distributions to equity holders of the Company</i>									
Issue of shares pursuant to share plans	0.5	-	(0.5)	-	-	-	-	(0.5)	-
Share-based payments expenses	-	-	2.2	-	-	-	-	2.2	2.2
Dividends paid	-	-	-	-	-	-	(86.6)	(86.6)	(86.6)
Total transactions with equity holders of the Company	0.5	-	1.7	-	-	-	(86.6)	(84.9)	(84.4)
At 30 Sep 2016	299.7	(276.3)	12.9	8.2	(0.0)	1.4	184.0	(69.8)	229.9

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

Company	Share capital S\$m	Perpetual Capital Securities S\$m	Treasury shares S\$m	Merger/ Capital reserve S\$m	Share- based payment reserve S\$m	Fair value reserve S\$m	Retained profits S\$m	Total Reserves S\$m	Total equity S\$m
<b>At 1 Jan 2017</b>	<b>299.7</b>	<b>-</b>	<b>(12.3)</b>	<b>276.5</b>	<b>14.1</b>	<b>12.5</b>	<b>1,143.1</b>	<b>1,434.0</b>	<b>1,733.6</b>
<b>Total comprehensive income for the period</b>									
Profit for the period	-	-	-	-	-	-	112.8	112.8	112.8
Other comprehensive income									
Changes in fair value of available-for-sale financial assets	-	-	-	-	-	9.3	-	9.3	9.3
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9.3</b>	<b>112.8</b>	<b>122.1</b>	<b>122.1</b>
<b>Transactions with equity holders of the Company, recognised directly in equity</b>									
<i>Contributions by and distributions to equity holders of the Company</i>									
Issue of perpetual capital securities	-	199.6	-	-	-	-	-	199.6	199.6
Share-based payments expenses	-	-	-	-	(1.6)	-	-	(1.6)	(1.6)
Transfer from treasury shares to share-based payments reserve	-	-	3.7	-	(3.7)	-	-	-	-
Tax impact on transfer of treasury shares	-	-	-	-	(0.4)	-	-	(0.4)	(0.4)
Dividends paid	-	-	-	-	-	-	(155.6)	(155.6)	(155.6)
<b>Total transactions with equity holders of the Company</b>	<b>-</b>	<b>199.6</b>	<b>3.7</b>	<b>-</b>	<b>(5.7)</b>	<b>-</b>	<b>(155.6)</b>	<b>42.0</b>	<b>42.0</b>
<b>At 30 Jun 2017</b>	<b>299.7</b>	<b>199.6</b>	<b>(8.6)</b>	<b>276.5</b>	<b>8.4</b>	<b>21.8</b>	<b>1,100.3</b>	<b>1,598.0</b>	<b>1,897.7</b>
<b>Total comprehensive income for the period</b>									
Profit for the period	-	-	-	-	-	-	39.8	39.8	39.8
Other comprehensive income									
Changes in fair value of available-for-sale financial assets	-	-	-	-	-	(5.9)	-	(5.9)	(5.9)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(5.9)</b>	<b>39.8</b>	<b>33.9</b>	<b>33.9</b>
<b>Transactions with equity holders of the Company, recognised directly in equity</b>									
<i>Contributions by and distributions to equity holders of the Company</i>									
Share-based payments expenses	-	-	-	-	2.3	-	-	2.3	2.3
Accrued perpetual securities distribution	-	2.3	-	-	-	-	(2.3)	-	-
Transfer from treasury shares to share-based payments reserve	-	-	0.4	-	(0.4)	-	-	-	-
Tax impact on transfer of treasury shares	-	-	-	-	0.0	-	-	0.0	0.0
Dividends paid	-	-	-	-	-	-	(69.2)	(69.2)	(69.2)
<b>Total transactions with equity holders of the Company</b>	<b>-</b>	<b>2.3</b>	<b>0.4</b>	<b>-</b>	<b>1.9</b>	<b>-</b>	<b>(71.5)</b>	<b>(66.8)</b>	<b>(66.8)</b>
<b>At 30 Sep 2017</b>	<b>299.7</b>	<b>201.9</b>	<b>(8.2)</b>	<b>276.5</b>	<b>10.3</b>	<b>15.9</b>	<b>1,068.7</b>	<b>1,565.1</b>	<b>1,864.7</b>

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

Company	Share capital S\$m	Merger/ Capital reserve S\$m	Share- based payment reserve S\$m	Fair value reserve S\$m	Hedging reserve S\$m	Retained profits S\$m	Total Reserves S\$m	Total equity S\$m
At 1 Jan 2016	293.5	276.5	12.3	-	0.5	992.2	1,281.5	1,575.0
<b>Total comprehensive income for the period</b>								
Profit for the period	-	-	-	-	-	148.7	148.7	148.7
Other comprehensive income								
Effective portion of changes in fair value of cash flow hedge (net of taxation)	-	-	-	-	(0.4)	-	(0.4)	(0.4)
Changes in fair value of available-for-sale financial assets	-	-	-	2.0	-	-	2.0	2.0
Total comprehensive income for the period	-	-	-	2.0	(0.4)	148.7	150.3	150.3
<b>Transactions with equity holders of the Company, recognised directly in equity</b>								
<i>Contributions by and distributions to equity holders of the Company</i>								
Issue of shares pursuant to share plans	5.7	-	(5.7)	-	-	-	(5.7)	-
Share-based payments expenses	-	-	4.6	-	-	-	4.6	4.6
Dividends paid	-	-	-	-	-	(173.1)	(173.1)	(173.1)
Total transactions with equity holders of the Company	5.7	-	(1.1)	-	-	(173.1)	(174.2)	(168.5)
At 30 Jun 2016	299.2	276.5	11.2	2.0	0.1	967.8	1,257.6	1,556.8
<b>Total comprehensive income for the period</b>								
Profit for the period	-	-	-	-	-	57.4	57.4	57.4
Other comprehensive income								
Effective portion of changes in fair value of cash flow hedge (net of taxation)	-	-	-	-	(0.1)	-	(0.1)	(0.1)
Changes in fair value of available-for-sale financial assets	-	-	-	6.2	-	-	6.2	6.2
Total comprehensive income for the period	-	-	-	6.2	(0.1)	57.4	63.5	63.5
<b>Transactions with equity holders of the Company, recognised directly in equity</b>								
<i>Contributions by and distributions to equity holders of the Company</i>								
Issue of shares pursuant to share plans	0.5	-	(0.5)	-	-	-	(0.5)	-
Share-based payments expenses	-	-	2.2	-	-	-	2.2	2.2
Dividends paid	-	-	-	-	-	(86.6)	(86.6)	(86.6)
Total transactions with equity holders of the Company	0.5	-	1.7	-	-	(86.6)	(84.9)	(84.4)
At 30 Sep 2016	299.7	276.5	12.9	8.2	(0.0)	938.6	1,236.2	1,535.9

## 7. CHANGES IN COMPANY'S SHARE CAPITAL

### Share Capital

As of 30 September 2017, the share capital of the Company was at S\$299.7 million comprising 1,729,063,932 issued ordinary shares (excluding treasury shares). As of 31 December 2016, it was S\$299.7 million comprising 1,727,757,343 ordinary shares (excluding treasury shares).

#### Treasury Shares

For the quarter ended 30 September 2017, the Company transferred 136,200 treasury shares to participants of the Company's share plans, and there was no purchase of shares from the market.

The treasury share balance as of 30 September 2017 totaled S\$8.2 million comprising 2,587,511 ordinary shares or 0.1% of issued share capital excluding treasury shares (30 September 2016: Nil).

#### Issue of new shares

For 3Q2017, there was no new issue of ordinary shares.

#### Subsidiary holdings

As of 30 September 2017, none of the Company's subsidiaries hold any shares in the Company (30 September 2016: Nil).

### Perpetual Capital Securities

In 2Q2017, the Company issued subordinated perpetual capital securities with an aggregate principal amount of S\$200.0 million. The perpetual capital securities may be redeemed at the option of the Company, in whole, but not in part, on 16 June 2022 or on any Distribution Payment Date thereafter and otherwise upon the occurrence of certain redemption events as defined in the offering circular.

Such perpetual capital securities bear distributions at a rate of 3.95% per annum, with the first distribution rate reset falling on 16 June 2027 and subsequent resets occurring every 10 years thereafter. The distribution rate will be subject to a step-up of 1% per annum from 16 June 2027.

The distribution will be payable semi-annually in arrear on a discretionary basis and will be cumulative and compounding in accordance with the terms and conditions of the offering circular.

In 3Q2017, the Group accrued S\$2.3 million for the perpetual capital securities distribution due in December 2017.

## Outstanding Shares – Share-Based Plans

### Performance Share Plans

As of 30 September 2017, the outstanding balance of conditional awards under the Performance Share Plans was 2,242,367 ordinary shares (30 September 2016: 1,761,100 ordinary shares).

### Restricted Stock Plans

As of 30 September 2017, the outstanding balance of conditional awards under the Restricted Stock Plans was 5,073,755 ordinary shares (30 September 2016: 5,427,524 ordinary shares).

## 8. AUDIT

The financial statements have not been audited or reviewed.

## 9. AUDITORS' REPORT

Not applicable.

## 10. ACCOUNTING POLICIES

The Group and the Company have applied the same accounting policies and methods of computation in the financial statements for the current financial period consistent with those of the audited financial statements for the year ended 31 December 2016.

In the current financial period, the Group and the Company have adopted all the new and revised Singapore Financial Reporting Standards (FRS) and Interpretations of FRSs (INT FRSs) that are relevant to its operations and effective for annual periods beginning on 1 January 2017.

The adoption of these new/revised FRSs and INT FRSs did not result in substantial changes to the Group's and the Company's accounting policies and has no material effect on the amounts reported for the current or prior periods.

Certain new standards and amendments to standards are mandatory for adoption by the Group for annual periods beginning on or after 1 January 2018. The Group does not plan to adopt these standards early. The new standards and amendments to standards which are expected to have an effect on the financial statements of the Group and the Company in the future financial periods include:

1. Convergence with International Financial Reporting Standards (IFRS)
2. FRS 115 Revenue from Contracts with Customers
3. FRS 109 Financial Instruments
4. FRS 116 Leases



**11. CHANGES IN ACCOUNTING POLICIES AND ESTIMATES**

Not applicable.

**12. GROUP EARNINGS PER ORDINARY SHARE**

	Quarter ended 30 Sep		Nine Months ended 30 Sep	
	2017	2016	2017	2016
<b>Basic</b>				
Earnings per share	4.3 cents	5.0 cents	13.5 cents	16.6 cents
Weighted average number of shares ('000)	1,729,064	1,731,606	1,728,697	1,731,106
<b>Diluted</b>				
Earnings per share	4.3 cents	4.9 cents	13.4 cents	16.5 cents
Weighted average number of shares ('000)	1,736,380	1,738,795	1,736,013	1,738,295

**13. NET ASSET VALUE PER ORDINARY SHARE**

	Group		Company	
	30 Sep	31 Dec	30 Sep	31 Dec
	2017	2016	2017	2016
Net asset value per share	22.9 cents	11.3 cents	107.8 cents	100.3 cents

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

For the nine-month period, the Group's service revenue was lower by 1.0% YoY. This was below our guidance of full year service revenue to be at about 2016's level.

EBITDA margin for the nine-month period was 31.8% of service revenue. This was above our guidance of full year EBITDA margin to be between 26% to 28% of service revenue.

Total CAPEX payments in the nine-month period amounted to S\$200.6 million. Excluding spectrum payments of S\$69.3 million (inclusive of winning bid assignment), CAPEX payments in the nine month period amounted to S\$131.3 million or 7.5% of total revenue. This was below our guidance for 2017 CAPEX at 13% of total revenue (excluding spectrum payments).

**15. GROUP OUTLOOK**

In the Mobile business, we face downward pressures for voice, roaming and IDD while subscription and mobile data will continue to contribute to revenue growth. We have introduced new mobile plans with unlimited weekend data and monthly installment payments for phones. We have also launched a new prepaid card in partnership with WeChat to target inbound Chinese travellers.

In our Pay TV business, we are focusing on StarHub Go (our OTT offering) and using customer data analytics to determine suitable quality content for acquisition and renewal. Content will be rationalised as part of ongoing renewals. Challenges remain from growing piracy and alternative viewing options.

For our Broadband business, we offer different packages including 1Gbps fibre plans and 200Mbps cable plans to meet different customer needs. We have an exclusive partnership with Google to introduce the Google mesh Wifi routers which offer better customer experience.

In the Enterprise Fixed segment, we see higher demand for new connectivity, data centre, cyber security, analytics and managed services. The cyber security suite of solutions was enhanced with the acquisition of ASTL and provides more synergies with the capabilities of StarHub. As the range of ICT solutions is expanded with the acquisition of new capabilities in digital solutions, Enterprise customers can expect a fuller slew of solutions to meet their changing digital needs.

Based on the current outlook, we maintain our guidance on our Group's 2017 service revenue to be at about 2016's level and Group EBITDA margin to be between 26% to 28% of service revenue. In 2017, CAPEX payment, excluding spectrum payment of S\$69.3 million, is expected to decrease to 10% of total revenue as a result of better terms from vendors and timing of commissioning of certain projects. We intend to maintain a quarterly cash dividend of 4 cents per ordinary share for FY2017.

***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\$0.04 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 24 November 2017.

(d) Book closure date

Notice is hereby given that the Register of Members and the Transfer Books of the Company will be closed on 13 November 2017 ("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, 112 Robinson Road, #05-01, Singapore 068902 up to the close of the business at 5.00 p.m. on 10 November 2017 ("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 of the Company as of 5.00 p.m. 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. INTERESTED PERSON TRANSACTIONS**

	<b>Aggregate value of all interested person transactions conducted under a shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual (excluding transactions less than S\$100,000) 1 July 2017 to 30 September 2017 S\$m</b>
<b>Transactions for the Sale of Goods &amp; Services</b>	
CapitaLand Limited & its associates	0.6
Singapore Power Limited & its associates	0.2
Singapore Technologies Engineering Ltd & its associates	0.4
Singapore Telecommunications Limited & its associates	8.5
TeleChoice International Ltd & its associates	22.5
Temasek Holdings (Private) Limited & its associates (other than those disclosed above)	7.4
	39.6
<b>Transactions for the Purchase of Goods &amp; Services</b>	
Ascendas Real Estate Investment Trust & its associates	3.3
Mapletree Singapore Industrial Trust & its associates	39.2
SembCorp Industries Ltd & its associates	2.3
Singapore Telecommunications Limited & its associates	14.9
TeleChoice International Ltd & its associates	62.3
Temasek Holdings (Private) Limited & its associates (other than those disclosed above)	0.2
	122.2
	122.2

**19. NEGATIVE ASSURANCE CONFIRMATION**

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 period ended 30 September 2017 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Steven Terrell Clontz  
Director

Tan Tong Hai  
Director

Singapore  
2 November 2017

**20. CONFIRMATION THAT THE ISSUER HAS PROCURED UNDERTAKINGS FROM ALL ITS DIRECTORS AND EXECUTIVE OFFICERS**

The Company confirms that it has procured undertakings from all its directors and executive officers under Rule 720(1) of the Listing Manual of Singapore Exchange Securities Trading Limited.