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STARHUB LTD

Announcement of Audited Results for the Full Year ended 31 December 2016

StarHub is pleased to announce the audited results for the full year ended 31 December 2016.

Results for the Fourth Quarter and Full Year ended 31 December 2016

1. GROUP INCOME AND COMPREHENSIVE INCOME STATEMENTS

1.1 GROUP INCOME STATEMENT

	Quarter ended 31 Dec				Full Year ended 31 Dec			
	2016	2015	Incr/ (Decr)		2016	2015	Incr/ (Decr)	
	S$m	S$m	S$m	%	S$m	S$m	S$m	%
Total revenue	634.8	633.8	1.0	0.2	2,396.7	2,444.3	(47.6)	(1.9)
Operating expenses	(570.7)	(555.7)	15.0	2.7	(2,003.8)	(2,048.6)	(44.8)	(2.2)
Other income	4.6	13.8	(9.2)	(66.0)	32.2	45.6	(13.4)	(29.2)
Profit from operations	**68.7**	**91.9**	**(23.2)**	**(25.1)**	**425.1**	**441.3**	**(16.2)**	**(3.6)**
Finance income	0.8	0.6	0.2	28.2	3.5	2.0	1.5	73.3
Finance expense (1)	(7.4)	(5.1)	2.3	43.3	(26.2)	(17.8)	8.4	46.7
	62.1	**87.4**	**(25.3)**	**(28.8)**	**402.4**	**425.5**	**(23.1)**	**(5.4)**
Non-operating income (2)	-	-	-	-	9.5	15.0	(5.5)	(37.1)
Share of loss of associate (net of tax)	(0.2)	(0.1)	0.1	nm	(1.6)	(0.3)	1.3	nm
Profit before taxation	**61.9**	**87.3**	**(25.4)**	**(29.1)**	**410.3**	**440.2**	**(29.9)**	**(6.8)**
Taxation	(7.9)	(6.5)	1.4	21.4	(68.9)	(67.9)	1.0	1.5
Profit for the period	**54.0**	**80.8**	**(26.8)**	**(33.2)**	**341.4**	**372.3**	**(30.9)**	**(8.3)**
Attributable to:								
Equity holders of the Company	54.0	80.8	(26.8)	(33.2)	341.4	372.3	(30.9)	(8.3)
	54.0	**80.8**	**(26.8)**	**(33.2)**	**341.4**	**372.3**	**(30.9)**	**(8.3)**
EBITDA	**135.7**	**157.0**	**(21.3)**	**(13.6)**	**690.1**	**712.7**	**(22.6)**	**(3.2)**
EBITDA as a % of service revenue	**23.9%**	**27.9%**	**-3.9% pts**		**31.2%**	**32.2%**	**-1% pts**	
Free Cash Flow (3)	**(45.4)**	**19.6**	**(65.0)**	**nm**	**184.0**	**215.7**	**(31.7)**	**(14.8)**
Profit from operations is arrived after charging the following:								
Allowance for doubtful receivables and bad debts written off	*8.3*	*7.1*	*1.2*	*17.7*	*21.0*	*18.4*	*2.6*	*14.5*
Depreciation and amortisation (net of asset grants)	*67.0*	*65.1*	*1.9*	*2.7*	*265.0*	*271.4*	*(6.4)*	*(2.4)*
Changes in fair value of financial instruments	*(0.6)*	*3.9*	*(4.5)*	*nm*	*1.2*	*(1.0)*	*2.2*	*nm*

nm – Not meaningful

Notes:

(1) Finance expense include interest and other financing charges
(2) Non-operating income refers to fair value gain on initial recognition of available-for-sale financial assets (2016) and gain on deconsolidation of a subsidiary (2015)
(3) Free Cash Flow refers to net cash from operating activities less purchase of fixed assets in the cash flow statement
(4) Numbers in all tables may not exactly add up due to rounding

1.2 GROUP COMPREHENSIVE INCOME STATEMENT

	Quarter ended 31 Dec				Full Year ended 31 Dec			
	2016	2015	Incr/(Decr)		2016	2015	Incr/(Decr)	
	S$m	S$m	S$m	%	S$m	S$m	S$m	%
Profit for the period	**54.0**	**80.8**	**(26.8)**	**(33.2)**	**341.4**	**372.3**	**(30.9)**	**(8.3)**
Other comprehensive income Items that are or may be reclassified subsequently to profit or loss:								
Foreign currency translation differences	(0.1)	-	(0.1)	nm	(0.0)	0.5	(0.5)	nm
Effective portion of changes in fair value of cash flow hedge	4.4	0.1	4.3	nm	3.9	1.9	2.0	102.1
Change in fair value of available-for-sale financial assets	4.4	-	4.4	nm	12.5	-	12.5	nm
Other comprehensive income for the period (net of taxation)	8.7	0.1	8.6	nm	16.4	2.4	14.0	nm
Total comprehensive income for the period	**62.7**	**80.9**	**(18.2)**	**(22.5)**	**357.8**	**374.7**	**(16.9)**	**(4.5)**
Attributable to:								
Equity holders of the Company	62.7	80.9	(18.2)	(22.5)	357.8	374.7	(16.9)	(4.5)
	62.7	**80.9**	**(18.2)**	**(22.5)**	**357.8**	**374.7**	**(16.9)**	**(4.5)**

nm – Not meaningful

1.3 GROUP PERFORMANCE REVIEW FOR THE PERIOD ENDED 31 DECEMBER 2016

(A) Revenue

	Quarter ended 31 Dec				Full Year ended 31 Dec			
	2016	2015	Incr / (Decr)		2016	2015	Incr / (Decr)	
Revenue	S$m	S$m	S$m	%	S$m	S$m	S$m	%
Mobile	311.8	313.0	(1.2)	(0.4)	1,214.6	1,239.8	(25.2)	(2.0)
Pay TV	93.9	100.0	(6.1)	(6.1)	377.8	391.0	(13.2)	(3.4)
Broadband	54.2	52.1	2.1	3.9	216.8	200.3	16.5	8.2
Enterprise Fixed	107.2	98.0	9.2	9.5	400.0	384.9	15.1	3.9
Service revenue	567.1	563.1	4.0	0.7	2,209.2	2,216.0	(6.8)	(0.3)
Sale of equipment	67.7	70.7	(3.0)	(4.1)	187.5	228.3	(40.8)	(17.9)
Total revenue	634.8	633.8	1.0	0.2	2,396.7	2,444.3	(47.6)	(1.9)

	Quarter ended 31 Dec		Full Year ended 31 Dec	
	2016	2015	2016	2015
Revenue mix	Mix %	Mix %	Mix %	Mix %
Mobile	49.1	49.4	50.7	50.7
Pay TV	14.8	15.8	15.8	16.0
Broadband	8.5	8.2	9.0	8.2
Enterprise Fixed	16.9	15.5	16.7	15.8
Sale of equipment	10.7	11.1	7.8	9.3
Total	100.0	100.0	100.0	100.0

For 4Q2016, the Group's total revenue of S$634.8 million was S$1.0 million or 0.2% higher YoY (year-on-year) with higher service revenue offset by lower revenue from sale of equipment. For the full year, the Group's total revenue of S$2,396.7 million was S$47.6 million or 1.9% lower YoY, attributed to lower revenue from sale of equipment and services.

Compared to corresponding periods last year, mobile service revenue in 4Q2016 and full year was lower by 0.4% and 2.0% respectively. The decrease was due to lower usage revenue from voice services, IDD and roaming services from both post-paid and pre-paid services, partly mitigated by higher subscription revenue from a larger customer base.

Pay TV service revenue for 4Q2016 and full year was lower by 6.1% and 3.4% YoY respectively, primarily due to a decrease in the customer base.

Broadband service revenue was higher by 3.9% in 4Q2016 and 8.2% for the full year when compared to the corresponding periods last year. The higher revenue was driven by an increase in the mix of customers taking fibre plans, resulting in higher average revenue per user (ARPU) of S$37 in current periods, up from S$35 in 4Q2015 and S$34 last year.

YoY, enterprise fixed service revenue was higher by 9.5% in 4Q2016 and 3.9% for the full year, primarily due to growth in data & internet services.

For 4Q2016, revenue from sale of equipment was lower by 4.1% when compared to 4Q2015 due to year-end promotions in 4Q2016. For full year, revenue from sale of equipment decreased 17.9% YoY primarily due to lower volume of handsets sold.

(B) Operating expenses

	Quarter ended 31 Dec				Full Year ended 31 Dec			
	2016	2015	Incr / (Decr)		2016	2015	Incr / (Decr)	
Operating expenses	S$m	S$m	S$m	%	S$m	S$m	S$m	%
Cost of sales	295.5	305.2	(9.7)	(3.2)	974.6	1,053.1	(78.5)	(7.5)
Other operating expenses	275.2	250.5	24.7	9.8	1,029.2	995.5	33.7	3.4
Total	570.7	555.7	15.0	2.7	2,003.8	2,048.6	(44.8)	(2.2)

For 4Q2016, total operating expenses at S$570.7 million was 2.7% higher than 4Q2015, mainly due to higher other operating expenses. For the full year, total operating expenses was 2.2% lower at S$2,003.8 million, attributed to lower cost of sales (primarily cost of equipment and traffic expenses), offset by higher other operating expenses.

As a percentage of revenue, total operating expenses for 4Q2016 and full year were at 89.9% and 83.6% respectively when compared to 87.7% and 83.8% in the corresponding periods last year.

A breakdown of total operating expenses is as follows:

(i) Cost of sales

	Quarter ended 31 Dec				Full Year ended 31 Dec			
	2016	2015	Incr / (Decr)		2016	2015	Incr / (Decr)	
Cost of sales	S$m	S$m	S$m	%	S$m	S$m	S$m	%
Cost of equipment sold	159.1	143.4	15.7	11.0	447.8	487.1	(39.3)	(8.1)
Cost of services	111.8	119.4	(7.6)	(6.3)	409.5	415.8	(6.3)	(1.5)
Traffic expenses	24.6	42.4	(17.8)	(42.0)	117.3	150.2	(32.9)	(21.9)
Total	295.5	305.2	(9.7)	(3.2)	974.6	1,053.1	(78.5)	(7.5)

Cost of equipment in 4Q2016 was higher by 11.0% when compared to 4Q2015, mainly due to a higher mix of high-end smartphones sold. For the full year, cost of equipment decreased 8.1% YoY with fewer handsets sold.

Cost of services in 4Q2016 included some reversals of accruals not required. Excluding these reversals, cost of services was 1.1% lower for 4Q2016 and 1.1% higher for full year when compared to the corresponding periods last year. The lower cost of services for 4Q2016 was due to lower TV programming costs, offset by higher enterprise fixed costs driven by higher revenue. For the full year, the increase of 1.1% YoY was mainly due to higher enterprise fixed costs, coupled with increase in installation costs driven by higher take-up of fibre broadband plans. This was partly mitigated by lower TV programming and production costs.

Traffic expenses for 4Q2016 and full year was lower by 42.0% and 21.9% respectively due to lower domestic and international traffic volume.

(ii) Other operating expenses

	Quarter ended 31 Dec				Full Year ended 31 Dec			
	2016	2015	Incr / (Decr)		2016	2015	Incr / (Decr)	
Other operating expenses	**S$m**	**S$m**	**S$m**	**%**	**S$m**	**S$m**	**S$m**	**%**
Staff costs	73.6	66.1	7.5	11.4	281.4	270.7	10.7	4.0
Operating leases	28.7	33.0	(4.3)	(13.1)	116.1	121.7	(5.6)	(4.6)
Marketing and promotions	38.7	42.0	(3.3)	(7.7)	133.7	144.6	(10.9)	(7.5)
Allowance for doubtful receivables	8.3	7.1	1.2	17.7	21.0	18.4	2.6	14.5
Repair and maintenance	26.2	24.3	1.9	7.6	96.9	86.0	10.9	12.6
Other expenses	32.7	12.9	19.8	152.0	115.1	82.7	32.4	39.0
Subtotal	208.2	185.4	22.8	12.3	764.2	724.1	40.1	5.5
Depreciation and amortisation (net of asset grants)	67.0	65.1	1.9	2.7	265.0	271.4	(6.4)	(2.4)
Total	275.2	250.5	24.7	9.8	1,029.2	995.5	33.7	3.4

For 4Q2016 and full year, the Group's other operating expenses was higher by 9.8% and 3.4% respectively. As a percentage of revenue, other operating expenses were 43.3% in 4Q2016 and 42.9% for the full year, up from 39.5% and 40.7% in the corresponding periods last year.

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

Staff costs
The higher staff costs were due to annual increments and provision for restructuring costs, mitigated by reversal of staff costs accruals not required.

Operating leases
4Q2016 included an adjustment for accruals no longer required. Excluding this reversal in 4Q2016, operating leases was 1.6% higher compared to 4Q2015. For the full year, the higher operating expenses in 2015 were mainly due to the catch up of property tax on our network offices. Excluding this catch up and reversal of accruals not required, operating leases for 2016 was 1.2% higher YoY. The increase for both quarter and full year periods were mainly due to commencement of new office's rental.

Marketing and promotions
Compared to the corresponding periods last year, the lower marketing and promotions expenses in 4Q2016 and the full year were primarily due to the lower acquisition and re-contract costs driven by lower sales volume and reclassification of certain expenses to cost of sales.

Allowance for doubtful receivables
The higher allowance for doubtful receivables was due to an increase in provision rate with effect from 4Q2016 after the review of the outstanding accounts receivables profile.

Repair and maintenance
Compared to the corresponding periods last year, the higher repair and maintenance expense in the current periods were mainly due to the provision for submarine cable repair costs for cable cuts in the first half of 2016 and higher maintenance costs driven by expanded network and systems infrastructure.

Other expenses
For 4Q2016, other expenses were S$19.8m higher YoY, primarily due to licence fees (S$6.1m) and professional and outsourcing fees (S$6.5m). For the full year, the higher other expenses were due to higher licence fees (S$11.7m), foreign exchange losses (S$7.3m), professional and outsourcing fees (S$5.0m) and lower gain on disposal of fixed assets (S$3.2m).

Depreciation and amortisation
The higher depreciation and amortisation expenses in 4Q2016 were mainly due to higher addition of property, plant and equipment. For the full year, the lower depreciation and amortisation expenses were mainly due to property, plant and equipment and intangible assets fully depreciated and amortised respectively, offset by new additions of CAPEX.

(C) Other income

Compared to the corresponding periods last year, other income was lower by S$9.2 million for 4Q2016 and S$13.4 million for the full year, mainly due to lower NGNBN grant income. All rollout grant income has been fully amortised and recognised in the income statement.

(D) Profitability

Due to higher subsidies on handsets sold and lower income grant, profit from operations for 4Q2016 was 25.1% lower at S$68.7 million. For the full year, profit from operations was 3.6% lower at S$425.1 million. The decrease was due to lower service revenue and income grant.

For 4Q2016 and full year, EBITDA was lower by 13.6% and 3.2% respectively when compared to the corresponding periods last year. As a percentage of service revenue, EBITDA margin was lower at 23.9% for 4Q2016 and 31.2% for full year when compared to 27.9% and 32.2% in the corresponding periods last year.

The higher finance income in current periods was due to higher cash and cash equivalent balances, while higher finance expense was attributed to increase in interest expense following the issue of the S$300.0 million medium term notes in 2Q2016, coupled with higher interest rate.

For 2016, the non-operating income of S$9.5 million was due to the fair value gain on initial recognition from an investment in mm2 Asia Ltd. In 2015, the non-operating income of S$15.0 million was due to the deconsolidation of one of its subsidiaries, SHINE Systems Assets Pte. Ltd. (SSAPL).

For 4Q2016 and full year, the share of loss from associate was higher at S$0.2 million and S$1.6 million respectively.

On the account of lower profits from operations, this quarter's profit before taxation was S$25.4 million lower at S$61.9 million when compared to 4Q2015. For the full year, profit before taxation decreased S$29.9 million YoY, largely due to lower profits from operations (S$16.2 million) and non-operating income (S$5.5 million), coupled with higher net interest expenses (S$6.9 million) and share of loss from associate (S$1.3 million).

Taxation in the corresponding periods last year included catch up for prior periods' tax losses benefits. Excluding this adjustment, taxation in current periods was lower by 47.3% for 4Q2016 and 10.3% for the full year due to lower profits before taxation.

2. BUSINESS REVIEW

Mobile Services

	Quarter ended 31 Dec				Full Year ended 31 Dec			
	2016	2015	Incr / (Decr)		2016	2015	Incr / (Decr)	
	S$m	S$m	S$m	%	S$m	S$m	S$m	%
Mobile revenue	311.8	313.0	(1.2)	(0.4)	1,214.6	1,239.8	(25.2)	(2.0)

Mobile operating statistics	Quarter ended / As of 31 Dec 2016	30 Sep 2016	31 Dec 2015	Full Year ended /As of 31 Dec 2016	2015	YoY Incr/(Decr) %
Number of registered customers (in thousands)						
Post-paid	1,387	1,373	1,325	1,387	1,325	4.6
Pre-paid	920	902	862	920	862	6.7
Total	2,307	2,275	2,188	2,307	2,188	5.4
Monthly minutes of use per registered customer						
Post-paid	195	206	220	206	226	(8.8)
Pre-paid	178	201	253	209	280	(25.6)
ARPU with IDD included (S$ per month)						
Post-paid	70	69	72	70	70	(0.6)
Pre-paid	15	16	17	16	18	(9.5)
Tiered data plans						
Percentage of total Post-paid customers	67.5%	66.7%	64.6%	67.5%	64.6%	-
Percentage of tiered data plan customers exceeding data bundles	25.2%	25.7%	22.0%	24.3%	22.0%	-
Post-paid non-voice service as a contribution to ARPU						
Total data	64.9%	62.1%	58.2%	61.7%	56.9%	-
Non-SMS data	59.5%	56.5%	51.3%	56.0%	50.0%	-
Average monthly churn rate (post-paid)	1.0%	0.8%	1.2%	0.9%	1.0%	-
Singapore mobile penetration (1)	149.1%	149.3%	148.4%	149.1%	148.4%	-
Market Share (1)	27.4%	27.2%	26.6%	27.4%	26.6%	-

Note:
(1) Source: IMDA (As of October 2016)

Total mobile service revenue for 4Q2016 and full year periods were 0.4% and 2.0% lower YoY respectively. The decrease was primarily due to lower usage revenue from voice services, IDD and roaming services. This was partly mitigated by an increase in subscription revenue from higher take up of 4G tiered plans.

Post-paid mobile services

As of 31 December 2016, post-paid mobile subscriber base stood at 1,387,000 subscribers after the quarter's net addition of 14,000 subscribers. Compared to a year ago, post-paid customer base grew by 62,000 customers or 4.6%.

Compared to 4Q2015, this quarter's post-paid mobile ARPU was S$2 lower at S$70, mainly due to lower voice, IDD and roaming usage. For the full year, ARPU remained stable at S$70 with lower usage mitigated by a higher mix of subscribers on tiered data plans. The percentage of customers on tiered data mobile subscription plans increased to 67.5% as of 31 December 2016 when compared to 64.6% a year ago.

The percentage of tiered data customers exceeding their data bundle was higher at 25.2% in 4Q2016 and 24.3% for the full year, up from 22% previously. This contributed to higher post-paid non-voice revenue. Non-voice as a percentage of total ARPU was higher at 64.9% in 4Q2016 and 61.7% for the full year, when compared to 58.2% and 56.9% in the corresponding periods last year.

Post-paid mobile monthly average churn at 1.0% in 4Q2016 and 0.9% for the full year was down compared to 1.2% and 1.0% in the corresponding periods last year. The lower churn was due to measures taken to retain out-of-contract customers.

Pre-paid mobile services

As of 31 December 2016, pre-paid mobile customer base was 920,000 customers after the quarter's net addition of 18,000 customers. Compared to a year ago, pre-paid customer base grew by 58,000 customers or 6.7% increase YoY.

On the account of lower usage, pre-paid mobile ARPU decreased S$2 YoY to S$15 in 4Q2016 and S$16 for the full year.

Pay TV Services

	Quarter ended 31 Dec				Full Year ended 31 Dec			
	2016	2015	Incr / (Decr)		2016	2015	Incr / (Decr)	
	S$m	S$m	S$m	%	S$m	S$m	S$m	%
Pay TV revenue	93.9	100.0	(6.1)	(6.1)	377.8	391.0	(13.2)	(3.4)

	Quarter ended / As of			Full Year ended /As of		YoY
	31 Dec	30 Sep	31 Dec	31 Dec		Incr/(Decr)
Pay TV operating statistics	2016	2016	2015	2016	2015	%
Number of residential Pay TV customers (in thousands)	498	507	536	498	536	(7.2)
ARPU (S$ per month)	51	51	51	51	51	0.3
Average monthly churn rate	0.9%	1.0%	0.8%	1.0%	0.8%	-
StarHub's penetration	31.3%	33.2%	39.7%	31.3%	39.7%	-

Compared to the corresponding periods last year, Pay TV service revenue was lower due to decrease in subscription revenue impacted by a lower subscriber base. This was partially mitigated by higher advertising revenue.

As of 31 December 2016, Pay TV subscriber base was 498,000 subscribers after the quarter's net churn of 9,000 subscribers. Compared to a year ago, Pay TV subscriber base was down by 38,000 subscribers or 7.2%. Pay TV monthly churn was higher at 0.9% in 4Q2016 and 1.0% for the full year, up from 0.8% last year. The higher churn was due to the growth in alternative pirated content sources, availability of increased OTT video streaming options and a larger out-of-contract subscriber base.

Broadband Services

	Quarter ended 31 Dec				Full Year ended 31 Dec			
	2016	2015	Incr / (Decr)		2016	2015	Incr / (Decr)	
	S$m	S$m	S$m	%	S$m	S$m	S$m	%
Broadband revenue	54.2	52.1	2.1	3.9	216.8	200.3	16.5	8.2

	Quarter ended / As of			Full Year ended /As of		YoY
	31 Dec	30 Sep	31 Dec	31 Dec		Incr/(Decr)
Broadband operating statistics	2016	2016	2015	2016	2015	%
Number of residential broadband customers - subscription-based (in thousands)	473	475	476	473	476	(0.5)
Number of fibre broadband customers - subscription-based (in thousands)	363	351	270	363	270	34.3
ARPU (S$ per month)	37	37	35	37	34	8.8
Average monthly churn rate	0.9%	1.0%	1.1%	1.0%	0.9%	-

Broadband service revenue for 4Q2016 and full year increased by 3.9% and 8.2% respectively, mainly due to the higher mix of customers on fibre and take-up of higher speed cable plans, despite a 3,000 net churn in subscriber base YoY. The better plan mix contributed to a higher ARPU of S$37 in current periods, up from S$35 in 4Q2015 and S$34 in 2015.

Compared to last year, total fibre broadband customer base grew 34.3% to 363,000 subscribers as of 31 December 2016.

Total residential broadband subscriber base stood at 473,000 subscribers as of 31 December 2016 after the quarter's net churn of 2,000 subscribers. Compared to a year ago, broadband residential subscriber base was down by 3,000 subscribers or 0.5%. Broadband average monthly churn in 4Q2016 was lower at 0.9% as compared to 1.1% in 4Q2015 due to on-going retention efforts. Churn for the full year was higher at 1.0%, up from 0.9% in 2015 due to a larger out-of-contract subscriber base and the competitive fibre landscape.

Enterprise Fixed Services

Enterprise Fixed revenue	Quarter ended 31 Dec 2016 S$m	2015 S$m	Incr / (Decr) S$m	%	Full Year ended 31 Dec 2016 S$m	2015 S$m	Incr / (Decr) S$m	%
Data & Internet	94.0	85.0	9.0	10.6	347.2	331.1	16.1	4.9
Voice services	13.2	13.0	0.2	2.0	52.8	53.8	(1.0)	(1.8)
Total	107.2	98.0	9.2	9.5	400.0	384.9	15.1	3.9

Higher enterprise fixed service revenue was primarily contributed by data & internet services.

Data & internet service revenue for 4Q2016 and full year 2016 were 10.6% and 4.9% higher compared to the corresponding periods last year. The increase was due to higher revenue from data services and managed services. This was partially dampened by lower contribution from international leased circuits due to price erosion.

Voice service revenue in 4Q2016 was higher by 2.0% YoY, mainly due to higher international interconnect revenue driven by higher rates offset by lower IDD usage. For the full year, voice service revenue was 1.8% lower YoY attributed to weaker contribution from local voice services and IDD, which was mitigated by higher revenue from international interconnect services.

Hubbing (Multi-Service Households)

Hubbing Metrics	As of 31 Dec 2016	30 Sep 2016	31 Dec 2015	YoY Incr/(Decr) %
Total hubbing households with at least one service of Post-Paid Mobile, Pay TV and/or Broadband services (in thousands)	767.4	769.4	774.2	(0.9)
Percentage of total hubbing households which subscribe to any two services	27.3%	27.5%	28.0%	(0.7)% pts
Percentage of total hubbing households which subscribe to all three services	30.7%	30.9%	31.7%	(1.0)% pts
Percentage of total hubbing households which subscribe to two or more services	58.0%	58.4%	59.7%	(1.7)% pts
Total Singapore occupied homes (in thousands, estimated) [1]	1,270	1,245	1,245	2.0

Note:
(1) Source: Nielsen Media Research for 2016 estimates

As of 31 December 2016, the total number of households which subscribed to at least one of the hubbing services was 767,400 households. This was 6,800 households or 0.9% lower YoY.

Triple service households were 235,000 households as of 31 December 2016. This represented 30.7% of total hubbing households, down from 31.7% a year ago. The decrease was primarily due to higher churn in overall TV households.

Hence, this resulted in a lower percentage of households which subscribed to two or more services of 58.0% as of 31 December 2016, down from 59.7% a year ago.

3. GROUP CASH FLOW STATEMENT

	Quarter ended 31 Dec		Full Year ended 31 Dec	
	2016	2015	2016	2015
	S$m	S$m	S$m	S$m
Operating Activities				
Profit before taxation	61.9	87.3	410.3	440.2
Adjustments for :				
Depreciation and amortisation (net of asset grants)	67.0	65.1	265.0	271.4
Income related grants	(4.6)	(13.6)	(32.0)	(45.4)
Share-based payments expenses	0.4	2.4	7.2	9.5
Changes in fair value of financial instruments	(0.6)	3.9	1.2	(1.0)
Net finance expenses	6.6	4.5	22.7	15.8
Non-operating income	-	-	(9.5)	(15.0)
Share of loss of associate (net of tax)	0.2	0.1	1.6	0.3
Others	0.4	(2.3)	1.6	(1.9)
Operating cash flow before working capital changes	131.3	147.4	668.1	673.9
Changes in operating assets and liabilities	(65.2)	(23.6)	(63.7)	(36.7)
Income tax refund / (paid)	14.9	(1.2)	(53.7)	(92.7)
Net cash from operating activities	**81.0**	**122.6**	**550.7**	**544.5**
Investing Activities				
Interest received	1.0	0.6	3.3	2.0
Proceeds from disposal of fixed assets	0.4	1.1	0.8	1.6
Purchase of fixed assets	(126.4)	(103.0)	(366.7)	(328.8)
Purchase of available-for-sale investments	-	-	(18.0)	-
(Loan to) / Repayment of loan from an associate	(1.2)	-	(8.7)	36.9
Investment in an associate	-	-	-	(12.0)
Net cash used in investing activities	**(126.2)**	**(101.3)**	**(389.3)**	**(300.3)**
Financing Activities				
Proceeds from exercise of share options	-	-	-	0.3
Treasury shares purchased by the Company	(12.3)	-	(12.3)	-
Grants received	5.7	10.1	34.0	30.0
Proceeds from issue of medium term notes	-	-	300.0	-
Dividends paid	(86.5)	(86.5)	(346.2)	(345.9)
Finance expenses paid	(9.1)	(3.9)	(25.1)	(19.7)
Net cash used in financing activities	**(102.2)**	**(80.3)**	**(49.6)**	**(335.3)**
Net change in cash and cash equivalents	**(147.4)**	**(59.0)**	**111.8**	**(91.1)**
Exchange difference on cash and cash equivalents	0.0	-	0.0	0.3
Cash and cash equivalents at beginning of the period	432.6	232.4	173.4	264.2
Cash and cash equivalents at end of the period	**285.2**	**173.4**	**285.2**	**173.4**

Compared to 4Q2015, the Group's net cash from operating activities was S$41.6 million lower. The decrease was mainly due to higher requirements for working capital and lower cash flow from operations, mitigated by a tax refund of S$14.9 million in 4Q2016 as compared to tax paid of S$1.2 million in 4Q2015. For the full year, the net cash from operating activities was S$6.2 million higher due to lower tax paid offset by higher requirements from working capital and lower cash flows from operations.

The negative changes in working capital at S$65.2 million for 4Q2016 was due to higher inventories and other receivables, deposits and prepayments, coupled with lower net balances due to related parties. For the full year, the negative changes in working capital of S$63.7 million was attributed to lower net balances due to related parties, higher trade receivables, other receivables, deposits and prepayments. This was mitigated by higher trade and other payables.

Net cash used in investing activities increased S$24.9 million to S$126.2 million for 4Q2016, primarily due to higher CAPEX payments. For the full year, net cash used in investing activities increased by S$89.0 million YoY, due to higher CAPEX payments and loans disbursed to associate of S$8.7 million in 2016 as compared to a repayment of loan from associate of S$36.9 million in 2015. In addition, 2016 full year cash outflow also included the investment in mm2 of S$18.0 million compared to S$12.0 million additional capital injected in associate in 2015.

The Group's CAPEX payments totalled S$126.4 million in 4Q2016 and S$366.7 million for the full year. Excluding the S$80 million spectrum paid in 3Q2016, the full year CAPEX payments in 2016 was 12.0% of total revenue.

Free cash flow for 4Q2016 was a deficit of S$45.4 million, mainly due to lower cash from operating activities and higher CAPEX payments. For the full year, free cash flow was S$31.7 million lower at S$184.0 million as a result of higher CAPEX payments.

Net cash used in financing activities was S$21.9 million higher at S$102.2 million for 4Q2016, mainly due to payment for treasury shares purchased in 4Q2016 (S$12.3 million), higher interest paid (S$5.2 million) and lower grants received (S$4.4 million). For the full year, net cash used in financing activities were lower at S$49.6 million in 2016 as compared to S$335.3 million in 2015. The lower cash outlay was due to the proceeds received from the issue of S$300.0 million medium term notes offset by purchase of treasury shares in 2016.

The resulting net cash generated was a deficit of S$147.4 million for the quarter and surplus of S$111.8 million for the full year. As a result, cash and cash equivalents balance was higher at S$285.2 million as of 31 December 2016, up from S$173.4 million a year ago.

Capital expenditure commitments

As of 31 December 2016, the Group's total outstanding capital expenditure commitments amounted to S$182.8 million. The outstanding commitments included capital expenditures committed for TV headend migration, IT and business support systems, and expansion and enhancement of network infrastructure.

4. STATEMENT OF FINANCIAL POSITION

	Group		Company	
	31 Dec 16	31 Dec 15	31 Dec 16	31 Dec 15
	S$m	S$m	S$m	S$m
Non-current assets				
Property, plant and equipment	918.0	890.0	431.0	411.4
Intangible assets	463.8	388.1	78.3	70.6
Subsidiaries	-	-	2,472.8	1,758.1
Associate	25.9	27.5	27.8	27.8
Available-for-sale financial assets	40.0	-	40.0	-
Amount due from related parties	7.6	-	7.6	344.2
	1,455.3	**1,305.6**	**3,057.5**	**2,612.1**
Current assets				
Inventories	49.6	54.3	0.7	50.1
Trade receivables	172.2	153.3	141.7	137.5
Other receivables, deposits and prepayments	212.2	196.8	43.6	34.1
Amount due from related parties	21.8	26.0	19.4	110.8
Cash and cash equivalents	285.2	173.4	236.0	154.2
	741.0	**603.8**	**441.4**	**486.7**
Less:				
Current liabilities				
Trade and other payables	707.9	687.3	309.4	297.7
Amount due to related parties	67.1	122.5	356.5	404.4
Borrowings	10.0	137.5	10.0	137.5
Provision for taxation	70.5	80.6	15.4	49.1
	855.5	**1,027.9**	**691.3**	**888.7**
Net current liabilities	**(114.5)**	**(424.1)**	**(249.9)**	**(402.0)**
Non-current liabilities				
Trade and other payables	21.6	22.7	21.6	22.7
Borrowings	977.5	550.0	977.5	550.0
Deferred income	1.4	1.1	1.4	1.1
Deferred tax liabilities	145.4	120.1	73.5	61.3
	1,145.9	**693.9**	**1,074.0**	**635.1**
Net assets	**194.9**	**187.6**	**1,733.6**	**1,575.0**
Shareholders' equity				
Share capital	299.7	293.5	299.7	293.5
Reserves	(104.8)	(105.9)	1,433.9	1,281.5
Total equity	**194.9**	**187.6**	**1,733.6**	**1,575.0**

GROUP BALANCE SHEET REVIEW

Compared to a year ago, the Group's non-current assets of S$1,455.3 million as of 31 December 2016 was higher by S$149.7 million. The increase was mainly due to higher net book values for fixed assets which included the addition of 4G spectrum rights in 3Q2016, and higher non-current balance due from related parties resulting from the loan disbursement to associate. In addition, the investment in mm2 with a fair value of S$40.0 million recorded as of 31 December 2016 also contributed to the higher non-current assets.

Total current assets of S$741.0 million as of 31 December 2016 was S$137.2 million higher YoY, primarily due to higher cash and cash equivalents which was up by S$111.8 million when compared to 31 December 2015.

Total current liabilities as of 31 December 2016 was S$172.4 million lower at S$855.5 million when compared to a year ago. The decrease was due to the reclassification of bank borrowings from current liabilities to non-current liabilities as a result of extension of bank borrowings. Balance due to related parties was also lower by S$55.4 million upon the finalisation of outstanding claims and timing in settlement of payables.

Against 31 December 2015, total non-current liabilities were S$452.0 million higher at S$1,145.9 million. The increase was largely due to the S$300.0 million medium term notes issued in 2Q2016 and reclassification of bank borrowings from current liabilities.

The Group's shareholders' equity increased by S$7.3 million to S$194.9 million as of 31 December 2016. The increase was primarily due to higher share capital of S$6.2 million and favourable changes in fair value of available-for-sale investments of S$12.5 million, offset by the purchase of treasury shares in 4Q2016 of S$12.3 million.

5. GROUP UNSECURED BORROWINGS

Unsecured borrowings	31 Dec 16 S$m	31 Dec 15 S$m
Amount repayable in one year or less		
Bank loans	10.0	137.5
	10.0	137.5
Amount repayable after one year		
Bank loans	457.5	330.0
Medium term notes	520.0	220.0
	977.5	550.0
Total	**987.5**	**687.5**

The Group's unsecured borrowing of S$987.5 million as of 31 December 2016 was S$300.0 million higher when compared to a year ago. The increase was due to the S$300.0 million 3.55% fixed rate 10-year medium term notes issued in June 2016, with maturity due in 2026.

Against 31 December 2015, net debt was S$188.2 million higher at S$702.3 million as of 31 December 2016, attributed to higher borrowings mitigated by an increase in ending cash balances. As a ratio of the full year EBITDA, the Group's net debt was higher at 1.02 times as of 31 December 2016, up from 0.72 times as of 31 December 2015.

6. STATEMENT OF CHANGES IN EQUITY

Group	Share capital S$m	Treasury shares S$m	Goodwill written off S$m	Share-based payments reserve S$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**
Total comprehensive income for the period										
Profit for the period	-	-	-	-	-	-	-	287.4	287.4	287.4
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)	-	-	-	-	-	(0.5)	-	-	(0.5)	(0.5)
Changes in fair value of available-for-sale financial assets	-	-	-	-	8.2	-	-	-	8.2	8.2
Total comprehensive income for the period	-	-	-	-	8.2	(0.5)	0.1	287.4	295.2	295.2
Transactions with equity holders of the Company, recognised directly in equity										
Contributions by and distributions to equity holders of the Company										
Issue of shares pursuant to share plans	6.2	-	-	(6.2)	-	-	-	-	(6.2)	-
Share-based payments expenses	-	-	-	6.8	-	-	-	-	6.8	6.8
Dividends paid	-	-	-	-	-	-	-	(259.7)	(259.7)	(259.7)
Total transactions with equity holders of the Company	6.2	-	-	0.6	-	-	-	(259.7)	(259.1)	(252.9)
At 30 Sep 2016	**299.7**	**-**	**(276.3)**	**12.9**	**8.2**	**-**	**1.4**	**184.0**	**(69.8)**	**229.9**
Total comprehensive income for the period										
Profit for the period	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**54.0**	**54.0**	**54.0**
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)	**-**	**-**	**-**	**-**	**-**	**4.4**	**-**	**-**	**4.4**	**4.4**
Changes in fair value of available-for-sale financial assets	**-**	**-**	**-**	**-**	**4.4**	**-**	**-**	**-**	**4.4**	**4.4**
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**4.4**	**4.4**	**(0.1)**	**54.0**	**62.7**	**62.7**
Transactions with equity holders of the Company, recognised directly in equity										
Contributions by and distributions to equity holders of the Company										
Share-based payments expenses	**-**	**-**	**-**	**0.4**	**-**	**-**	**-**	**-**	**0.4**	**0.4**
Treasury shares purchased by the Company	**-**	**(12.3)**	**-**	**-**	**-**	**-**	**-**	**-**	**(12.3)**	**(12.3)**
Tax impact on transfer of treasury shares	**-**	**-**	**-**	**0.8**	**-**	**-**	**-**	**-**	**0.8**	**0.8**
Dividends paid	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(86.5)**	**(86.5)**	**(86.5)**
Total transactions with equity holders of the Company	**-**	**(12.3)**	**-**	**1.2**	**-**	**-**	**-**	**(86.5)**	**(97.6)**	**(97.6)**
At 31 Dec 2016	**299.7**	**(12.3)**	**(276.3)**	**14.1**	**12.5**	**4.4**	**1.3**	**151.5**	**(104.8)**	**194.9**

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

Group	Share capital S$m	Goodwill written off S$m	Share-based payments 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 2015	282.6	(276.3)	13.4	(1.4)	0.8	129.9	(133.6)	149.0
Total comprehensive income for the period								
Profit for the period	-	-	-	-	-	291.5	291.5	291.5
Other comprehensive income								
Foreign currency translation differences	-	-	-	-	0.5	-	0.5	0.5
Effective portion of changes in fair value of cash flow hedge (net of taxation)	-	-	-	1.8	-	-	1.8	1.8
Total comprehensive income for the period	-	-	-	1.8	0.5	291.5	293.8	293.8
Transactions with equity holders of the Company, recognised directly in equity								
Contributions by and distributions to equity holders of the Company								
Issue of shares pursuant to share plans	10.9	-	(10.6)	-	-	-	(10.6)	0.3
Share-based payments expenses	-	-	7.1	-	-	-	7.1	7.1
Dividends paid	-	-	-	-	-	(259.4)	(259.4)	(259.4)
Total transactions with equity holders of the Company	10.9	-	(3.5)	-	-	(259.4)	(262.9)	(252.0)
At 30 Sep 2015	293.5	(276.3)	9.9	0.4	1.3	162.0	(102.7)	190.8
Total comprehensive income for the period								
Profit for the period	-	-	-	-	-	80.8	80.8	80.8
Other comprehensive income								
Effective portion of changes in fair value of cash flow hedge (net of taxation)	-	-	-	0.1	-	-	0.1	0.1
Total comprehensive income for the period	-	-	-	0.1	-	80.8	80.9	80.9
Transactions with equity holders of the Company, recognised directly in equity								
Contributions by and distributions to equity holders of the Company								
Share-based payments expenses	-	-	2.4	-	-	-	2.4	2.4
Dividends paid	-	-	-	-	-	(86.5)	(86.5)	(86.5)
Total transactions with equity holders of the Company	-	-	2.4	-	-	(86.5)	(84.1)	(84.1)
At 31 Dec 2015	293.5	(276.3)	12.3	0.5	1.3	156.3	(105.9)	187.6

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

Company	Share capital S$m	Treasury shares S$m	Merger/ Capital reserve S$m	Share-based payments reserve S$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**
Total comprehensive income for the period									
Profit for the period	-	-	-	-	-	-	206.1	206.1	206.1
Other comprehensive income									
Effective portion of changes in fair value of cash flow hedge (net of taxation)	-	-	-	-	-	(0.5)	-	(0.5)	(0.5)
Changes in fair value of available-for-sale financial assets	-	-	-	-	8.2	-	-	8.2	8.2
Total comprehensive income for the period	-	-	-	-	8.2	(0.5)	206.1	213.8	213.8
Transactions with equity holders of the Company, recognised directly in equity									
Contributions by and distributions to equity holders of the Company									
Issue of shares pursuant to share plans	6.2	-	-	(6.2)	-	-	-	(6.2)	-
Share-based payments expenses	-	-	-	6.8	-	-	-	6.8	6.8
Dividends paid	-	-	-	-	-	-	(259.7)	(259.7)	(259.7)
Total transactions with equity holders of the Company	6.2	-	-	0.6	-	-	(259.7)	(259.1)	(252.9)
At 30 Sep 2016	**299.7**	**-**	**276.5**	**12.9**	**8.2**	**-**	**938.6**	**1,236.2**	**1,535.9**
Total comprehensive income for the period									
Profit for the period	**-**	**-**	**-**	**-**	**-**	**-**	**291.0**	**291.0**	**291.0**
Other comprehensive income									
Changes in fair value of available-for-sale financial assets	**-**	**-**	**-**	**-**	**4.4**	**-**	**-**	**4.4**	**4.4**
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**4.4**	**-**	**291.0**	**295.4**	**295.4**
Transactions with equity holders of the Company, recognised directly in equity									
Contributions by and distributions to equity holders of the Company									
Share-based payments expenses	**-**	**-**	**-**	**0.4**	**-**	**-**	**-**	**0.4**	**0.4**
Treasury shares purchased by the Company	**-**	**(12.3)**	**-**	**-**	**-**	**-**	**-**	**(12.3)**	**(12.3)**
Tax impact on transfer of treasury shares	**-**	**-**	**-**	**0.8**	**-**	**-**	**-**	**0.8**	**0.8**
Dividends paid	**-**	**-**	**-**	**-**	**-**	**-**	**(86.5)**	**(86.5)**	**(86.5)**
Total transactions with equity holders of the Company	**-**	**(12.3)**	**-**	**1.2**	**-**	**-**	**(86.5)**	**(97.6)**	**(97.6)**
At 31 Dec 2016	**299.7**	**(12.3)**	**276.5**	**14.1**	**12.5**	**-**	**1,143.1**	**1,433.9**	**1,733.6**

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

Company	Share capital S$m	Merger/ Capital reserve S$m	Share-based payments reserve S$m	Hedging reserve S$m	Retained profits S$m	Total reserves S$m	Total equity S$m
At 1 Jan 2015	282.6	276.5	13.4	(1.4)	823.2	1,111.7	1,394.3
Total comprehensive income for the period							
Profit for the period	-	-	-	-	188.1	188.1	188.1
Other comprehensive income							
Effective portion of changes in fair value of cash flow hedge (net of taxation)	-	-	-	1.8	-	1.8	1.8
Total comprehensive income for the period	-	-	-	1.8	188.1	189.9	189.9
Transactions with equity holders of the Company, recognised directly in equity							
Contributions by and distributions to equity holders of the Company							
Issue of shares pursuant to share plans	10.9	-	(10.6)	-	-	(10.6)	0.3
Share-based payments expenses	-	-	7.1	-	-	7.1	7.1
Dividends paid	-	-	-	-	(259.4)	(259.4)	(259.4)
Total transactions with equity holders of the Company	10.9	-	(3.5)	-	(259.4)	(262.9)	(252.0)
At 30 Sep 2015	293.5	276.5	9.9	0.4	751.9	1,038.7	1,332.2
Total comprehensive income for the period							
Profit for the period	-	-	-	-	326.8	326.8	326.8
Other comprehensive income							
Effective portion of changes in fair value of cash flow hedge (net of taxation)	-	-	-	0.1	-	0.1	0.1
Total comprehensive income for the period	-	-	-	0.1	326.8	326.9	326.9
Transactions with equity holders of the Company, recognised directly in equity							
Contributions by and distributions to equity holders of the Company							
Share-based payments expenses	-	-	2.4	-	-	2.4	2.4
Dividends paid	-	-	-	-	(86.5)	(86.5)	(86.5)
Total transactions with equity holders of the Company	-	-	2.4	-	(86.5)	(84.1)	(84.1)
At 31 Dec 2015	293.5	276.5	12.3	0.5	992.2	1,281.5	1,575.0

7. CHANGES IN COMPANY'S SHARE CAPITAL

Share Capital

As of 31 December 2016, the share capital of the Company was S$299.7 million comprising 1,727,757,343 issued ordinary shares (excluding treasury shares). As of 31 December 2015, it was S$293.5 million comprising 1,729,795,128 ordinary shares.

Treasury Shares
For the quarter and full year ended 31 December 2016, the Company bought 3,894,100 ordinary shares from the market at a consideration of S$12.3 million, and there was no transfer of treasury shares during these periods.

The treasury share balance as of 31 December 2016 totalled S$12.3 million comprising 3,894,100 ordinary shares or 0.2% of issued share capital excluding treasury shares (31 December 2015: Nil).

Issue of new shares

Number of new ordinary shares issued:	**4Q2016**	**YTD Dec 2016**
For payout to participants of the Company's Performance and Restricted Share Plans via the transfer from the Company's share-based payment reserve	-	1,856,315

For 4Q2016, there was no new issue of ordinary shares and for the full year, a total of 1,856,315 new ordinary shares were issued via the transfer from the Company's share-based payment reserve for S$6.2 million.

Outstanding Shares – Share Options and Share-Based Plans

Performance Share Plans
As of 31 December 2016, the outstanding balance of conditional awards under the Performance Share Plans was 1,761,100 ordinary shares (31 December 2015: 1,533,800 ordinary shares).

Restricted Stock Plans
As of 31 December 2016, the outstanding balance of conditional awards under the Restricted Stock Plans was 5,362,344 ordinary shares (31 December 2015: 5,329,733 ordinary shares).

8. AUDIT

The results of the financial year have been audited.

9. AUDITORS' REPORT

A copy of the Auditor's report is attached.

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 2015.

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 2016.

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 2017. 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 31 Dec		Full Year ended 31 Dec	
	2016	2015	2016	2015
Basic				
Earnings per share	3.1 cents	4.7 cents	19.8 cents	21.5 cents
Weighted average number of shares ('000)	1,727,757	1,729,795	1,727,348	1,729,101
Diluted				
Earnings per share	3.1 cents	4.6 cents	19.7 cents	21.4 cents
Weighted average number of shares ('000)	1,734,880	1,736,659	1,734,471	1,735,965

13. NET ASSET VALUE PER ORDINARY SHARE

	Group		Company	
	31 Dec 2016	31 Dec 2015	31 Dec 2016	31 Dec 2015
Net asset value per share	11.3 cents	10.8 cents	100.3 cents	91.1 cents

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

For the year ended 31 December 2016, the Group's service revenue was lower by 0.3% when compared to our guidance of full year service revenue to be at about 2015's level.

2016 full year's EBITDA margin was 31.2% of service revenue. This was below our guidance of EBITDA margin at about 32% of service revenue for the year.

Excluding the S$80 million spectrum payment, total CAPEX payments for the full year amounted to S$286.7 million or 12.0% of total revenue. This was below our guidance for 2016 CAPEX of 13%.

15. GROUP OUTLOOK

In the Mobile business, we expect growth in both the subscription and data revenues for Post-paid. While the consumption of mobile data has grown and contributed to revenue, voice roaming and IDD usages have weakened. We see encouraging take-up of attractive new roaming plans like DataTravel for Post-paid customers and HappyRoam for Pre-paid customers. In the first half of 2017, we will see the general spectrum auction and the 2G network shutdown.

In the Pay TV business, our focus is on quality content supported by strong usage analytics for both StarHub Go as well as Pay TV customers. Non-performing content will be rationalised as part of ongoing renewal of content. StarHub Go complements our Pay TV offering as we expect the challenges from streaming boxes and other entertainment alternatives to continue in 2017.

For Broadband, we expect pricing pressures to linger and will focus on upgrading customers to higher speeds, to maintain ARPU. We continue to differentiate ourselves as the only operator to offer both cable and fibre broadband options to cater to different user requirements.

In the Enterprise business, demand for our managed services and solutions that pull through core services, continue to contribute to total revenue. Our investment in big analytics capabilities and cyber security will position us more competitively in this segment. While we expand our fibre network domestically in tandem with our data and internet growth, the revenue growth will be at a slower pace due to price erosion from keen competition.

Based on the current outlook, we expect 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 is expected to be at about 13% of total revenue, excluding new spectrum payments. We intend to pay 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	Proposed 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	Proposed Final
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 Directors have proposed a final dividend of S$0.05 per ordinary share, tax exempt (1-tier) for approval by shareholders at the forthcoming annual general meeting to be convened. Details on payment of dividends 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. INTERESTED PERSON TRANSACTIONS

	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$100,000) 1 January 2016 to 31 December 2016 S$m	Aggregate value of all interested person transactions (excluding transactions less than S$100,000 and transactions conducted under a shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual) 1 January 2016 to 31 December 2016 S$m
Transactions for the Sale of Goods & Services		
CapitaLand Limited & its associates	0.4	-
SATS Ltd. & its associates	0.1	-
Singapore Airlines Limited & its associates	0.2	-
Singapore Technologies Engineering Ltd & its associates	1.7	-
Singapore Telecommunications Limited & its associates	23.7	-
TeleChoice International Ltd & its associates	114.2	-
Temasek Holdings (Private) Limited & its associates (other than those disclosed above)	3.4	-
	143.7	-
Transactions for the Purchase of Goods & Services		
CapitaLand Limited & its associates	5.9	-
Refinery Media Pte Ltd	-	0.9
SembCorp Industries Ltd & its associates	0.2	-
Singapore Power Limited & its associates	25.6	-
Singapore Technologies Engineering Ltd & its associates	5.3	-
Singapore Telecommunications Limited & its associates	69.3	-
TeleChoice International Ltd & its associates	238.6	-
Temasek Holdings (Private) Limited & its associates (other than those disclosed above)	15.0	-
	359.9	0.9
Provision of shareholder loans and security for debt financing		
SHINE Systems Assets Pte. Ltd.	-	62.8
	-	62.8
Receipt of shareholder loans		
STT APDC Pte. Ltd.	-	1.0
	-	1.0

19. 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 702(1) of the Listing Manual of Singapore Exchange Securities Trading Limited.

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

1. SEGMENT REPORTING

	2016 S$m	2015 S$m
Mobile	1,214.6	1,239.8
Pay TV	377.8	391.0
Broadband	216.8	200.3
Enterprise Fixed	400.0	384.9
Sale of equipment	187.5	228.3
Total revenue	**2,396.7**	**2,444.3**
EBITDA	690.1	712.7
Depreciation & amortisation (net of asset grants)	(265.0)	(271.4)
Finance income	3.5	2.0
Finance expense	(26.2)	(17.8)
Non-operating income	9.5	15.0
Share of loss of associate (net of tax)	(1.6)	(0.3)
Profit before taxation	**410.3**	**440.2**
Taxation	(68.9)	(67.9)
Profit for the year	**341.4**	**372.3**
Assets and liabilities		
Non-current assets	1,455.3	1,305.6
Current assets	741.0	603.8
Total assets	**2,196.3**	**1,909.4**
Borrowings	987.5	687.5
Other non-current liabilities	168.4	143.9
Current liabilities	845.5	890.4
Total liabilities	**2,001.4**	**1,721.8**
Other information		
Capital expenditure	371.2	289.0
Free cash flow [1]	184.0	215.7

Note:
[1] *Free Cash Flow refers to net cash 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 1.3 “Group Performance Review”.

3. BREAKDOWN OF SALES

	2016 S$m	2015 S$m	Incr / (Decr) S$m	%
Total revenue reported for first half year	1,176.6	1,207.4	(30.8)	(2.6)
Operating profit after tax before deducting minority interests reported for first half year	201.4	172.8	28.6	16.6
Total revenue reported for second half year	1,220.1	1,236.9	(16.8)	(1.4)
Operating profit after tax before deducting minority interests reported for second half year	140.0	199.5	(59.5)	(29.8)

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

	Full Year ended 31 Dec	
	2016 S$m	2015 S$m
Ordinary shares (tax exempt 1-tier)		
Interim	259.7	259.4
Final (Proposed)	86.4	86.5
Total Annual Dividend	**346.1**	**345.9**

5. REPORT OF PERSONS OCCUPYING MANAGERIAL POSITIONS WHO ARE RELATED TO A DIRECTOR, CEO OR SUBSTANTIAL SHAREHOLDER

Pursuant to Rule 704(13) of the SGX-ST Listing Manual, the Company declares that the Directors, Chief Executive Officer and substantial shareholders of the Company are not related to any person occupying a managerial position in the Company or any of the subsidiaries of the Company as of 17 January 2017.

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Independent auditors' report

Members of the Company
StarHub Ltd

Report on the audit of the financial statements

Opinion

We have audited the financial statements of StarHub Ltd (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2016, the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement of the Group, and the statement of changes in equity of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out on pages FS1 to FS63.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2016 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the '*Auditors' responsibilities for the audit of the financial statements*' section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Revenue recognition ($2,396.7 million)
(Refer to note 3.11 'Significant accounting policies' and note 20 'Revenue')

The key audit matter	*How the matter was addressed in our audit*
The Group's five largest revenue streams are derived from the provision of Mobile, Pay TV, Broadband, Enterprise Fixed services and sale of equipment. The Group provides its services from its integrated fixed, mobile, cable and broadband operations through its fixed and wireless networks. Information used to recognise revenue is based on data captured in the network switches which are interfaced with management IT reporting system. Complexities in the telecommunication systems and the related configurations of the system generated information give rise to the risk that revenue may not be accurately recognised. In addition, products and services offered with promotional rates and discounts, adds to the complexities in the calculation of revenue to be recognised.	Our audit was performed with a high reliance on the Group's IT systems and key manual internal controls. Our audit procedures included: • Testing the design and implementation, and operating effectiveness of the IT environment over systems in which billings, ratings and other relevant support activities reside. • Evaluating the relevant IT systems and the design and operating effectiveness of controls over the capture and recording of revenue transactions from network switches to the billing system, and subsequently to the accounting system. In doing so, we involved our IT specialists to assist in the test of automated controls, including interface controls between different IT applications. • Testing the design and implementation, and effectiveness of controls over initiation, authorisation, recording, and processing of revenue transactions. • Testing key reconciliations used by management to assess the completeness and accuracy of revenue including testing the period in which it is recorded. • Assessing the suitability of revenue recognition policy for the products and services offered by the Group. • Performing analytical procedures on revenue by corroborating with non-financial data and test of details.

Findings

Based on our procedures, we noted no significant issues on the completeness, existence and accuracy of revenue recorded in the year, except for the recognition of revenue from sale and usage of prepaid phone cards.

Management identified errors in the data in the prepaid mobile rating and accounting systems that are used for the recognition of revenue from the sale and usage of prepaid phone cards. Management is in the process of reconciling the differences between prepaid and accounting systems. The effects of the errors and the unreconciled differences is not significant to the income statement for the year.

We noted that the revenue recognition policies relating to recognition for some of the prepaid card programmes were not in accordance with the requirements of financial reporting standards. The effect of these deviations is not material to the income statement for the year.

KPMG

Accruals ($472.1 million)

(Refer to note 3.6(i) 'Significant accounting policies' and note 14 'Trade and other payables')

The key audit matter	*How the matter was addressed in our audit*
The Group incurs significant costs in its operations. Accounting for certain costs at year end is considered a significant audit risk due to the judgement and complexities involved. Judgement is required in determining the level of accrual needed for costs that span the year end where settlement has not been fully and finally made. Judgement is also required where there are invoices under negotiation because agreement on amounts payable to suppliers may take a significant amount of time due to the complexities in the telecommunication industry. Management performed a detailed review of each of its significant accrual accounts relying on historical trend of observable claims and actual costs to assess the sufficiency of these accruals.	Our procedures included: • Reading contracts of certain significant accruals and considering the accounting treatment and timing of recognition. • Understanding and assessing management's process and basis of accruals for each significant accruals category. • Testing the accruals utilised during the year to actual invoices received and checking that the utilisation of accruals have been correctly accounted for. • Testing key reconciliations used by management to assess the completeness and accuracy of liabilities and accruals. • Assessing management's basis of reversal of significant accruals resulting from changes in management's assessment of the likelihood of economic outflows. • Performing search for unrecorded liabilities to assess the completeness of liabilities.

Findings

We have identified certain over accruals made in the financial statements. The effects of these over-accruals were not found to be significant to the income statement for the year.

Based on our assessment of historical utilisation patterns, we found that the estimates used by management to determine the accruals were conservative. Management is continually refining its processes to improve the accuracy of the estimates used to determine these accruals.

KPMG

Impairment assessment of goodwill ($220.3 million)

(Refer to note 3.7 (ii) 'Significant accounting policies' and note 5 'Intangible assets')

The key audit matter	*How the matter was addressed in our audit*
Goodwill is subject to an annual impairment test or more frequently if there are indications of impairment. The determination of the recoverable amount of the cash generating unit ("CGU") requires judgement on the part of management in both identifying and valuing the CGU. The Group recorded goodwill of $220.3 million arising from the acquisition of StarHub Cable Vision Ltd ("SCV") in 2002. Management considers SCV to be an essential part of the Group's fully integrated info-communications business. Hence, for impairment testing purposes, management has allocated the goodwill to the CGU comprising the Group's integrated fixed, mobile, cable and broadband operations. Management applies the value-in-use (discounted cash flow) method to determine the recoverable amount of the CGU. Any shortfall of the recoverable amount against the carrying amount would be recognised as an impairment loss. Key assumptions and estimates used in the value-in-use calculations include revenue growth rates, expected changes in profit margins, and the applicable discount rate. These estimates require judgement and the determination of the recoverable amount is a key focus area for our audit.	Our audit procedures included: • Evaluating management's basis of determination and identification of the CGU within the Group. • Challenging management's estimates applied in the value-in-use model based on our knowledge of the CGU's operations, by: - Comparing historical forecasts against historical performance to assess management's forecast ability; and - Comparing current forecasts against historical performance to assess the reasonableness of the forecasts. • Obtaining an understanding of management's revenue growth forecasts and capital expenditure on network assets, and independently deriving applicable discount rates and comparing these to those used by management. • Stress testing management's value-in-use calculations through applying and analysing the impact to the headroom when possible but unlikely key assumptions or discount rates were applied. • Assessing the sufficiency of related disclosures in Note 5 to the financial statements including those in respect of the sensitivities of the recoverable amount to variations in assumptions.

Findings

In view of the Group's "Hubbing" strategy whereby the majority of its customers are on a suite of services using an integrated network, we agree with management on the allocation of the goodwill to the CGU.

Based on our procedures, we consider management's assumptions to be within the range of likely market trends and our stress tests showed sufficient head room for the carrying value of the CGU. We therefore agree with management that there is no impairment in the goodwill allocated to the CGU. We found the Group's disclosure in the financial statements to be compliant with financial reporting standards.

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Valuation of trade receivables ($172.2 million) *(Refer to note 3.7 (i) 'Significant accounting policies' and note 11 'Trade receivables')*	
The key audit matter	*How the matter was addressed in our audit*
The Group has a policy to provide allowances for trade receivables on specific individual balances and on its receivables portfolio collectively. Determining the amount of allowance requires management's judgement on overdue debts and the amount of collection default based on past collection trends. There is a risk that the allowance of doubtful debts recognised may be insufficient.	Our audit procedures included: • Performing tests of controls over the Group's collection procedures, and the Group's assessment of the provision required at every period end. • Assessing the suitability of its policy for the allowance of doubtful debts. • Evaluating the ageing profile of trade receivables and critically assessing the Group's provision levels by considering the historical cash collection trends. • Discussing with management on the recoverability of past due debts to assess the sufficiency of allowance for trade receivables through specific and collective provisioning. • Reviewing the adequacy of the Group's disclosures in relation to the degree of estimation involved in arriving at the provision.
Findings We found that the level of allowance of doubtful debts as at 31 December 2016 to be adequate. We have considered the adequacy of the Group's disclosures about the degree of estimation involved in deriving the allowance is sufficient.	

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Other Information

Management is responsible for the other information. The other information comprises the Annual Report, but does not include the financial statements and our auditors' report thereon. Other than the Directors' Statement, which we obtained prior to the date of this auditor's report, the other sections included in the Annual Report are expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with SSAs. We have nothing to report in this regard with respect to the Directors' Statement.

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for 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 financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal controls relevant to the audit 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 Group's internal controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless the law or regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditors' report is Ong Chai Yan.

KPMG LLP

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
3 February 2017