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STARHUB LTD

Announcement of Unaudited Results for the Third Quarter and Nine Months ended 30 September 2016

StarHub is pleased to announce the unaudited results for the third quarter and nine months ended 30 September 2016.

Results for the Third Quarter and Nine Months ended 30 September 2016

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

	Quarter ended 30 Sep				Nine Months ended 30 Sep			
	2016 S\$m	2015 S\$m	Incr/ (Decr) S\$m	%	2016 S\$m	2015 S\$m	Incr/ (Decr) S\$m	%
Total revenue	585.3	603.1	(17.8)	(3.0)	1,761.9	1,810.5	(48.6)	(2.7)
Operating expenses	(479.7)	(483.9)	(4.2)	(0.9)	(1,433.1)	(1,492.9)	(59.8)	(4.0)
Other income	7.1	11.8	(4.7)	(39.8)	27.6	31.8	(4.2)	(13.4)
Profit from operations	112.7	131.0	(18.3)	(14.0)	356.4	349.4	7.0	2.0
Finance income	1.4	0.5	0.9	175.2	2.7	1.4	1.3	93.9
Finance expenses ⁽¹⁾	(7.7)	(4.2)	3.5	84.2	(18.8)	(12.7)	6.1	48.1
	106.4	127.3	(20.9)	(16.5)	340.3	338.1	2.2	0.7
Non-operating income ⁽²⁾	-	15.0	(15.0)	(100.0)	9.5	15.0	(5.5)	(37.1)
Share of loss of associate (net of tax)	(0.9)	(0.2)	0.7	nm	(1.4)	(0.2)	1.2	nm
Profit before taxation	105.5	142.1	(36.6)	(25.8)	348.4	352.9	(4.5)	(1.3)
Taxation	(19.5)	(23.4)	(3.9)	(16.7)	(61.0)	(61.4)	(0.4)	(0.6)
Profit for the period	86.0	118.7	(32.7)	(27.6)	287.4	291.5	(4.1)	(1.4)
Attributable to:								
Equity holders of the Company	86.0	118.7	(32.7)	(27.6)	287.4	291.5	(4.1)	(1.4)
	86.0	118.7	(32.7)	(27.6)	287.4	291.5	(4.1)	(1.4)
EBITDA	179.1	199.1	(20.0)	(10.1)	554.4	555.7	(1.3)	(0.2)
EBITDA as a % of service revenue	32.8%	35.7%	-2.9% pts		33.8%	33.6%	0.2% pts	
Free Cash Flow ⁽³⁾	2.4	139.3	(136.9)	(98.3)	229.4	196.1	33.3	16.9
<i>Profit from operations is arrived after charging the following:</i>								
<i>Allowance for doubtful receivables and bad debts written off</i>	4.9	3.7	1.2	32.0	12.8	11.3	1.5	12.5
<i>Depreciation and amortisation (net of asset grants)</i>	66.4	68.1	(1.7)	(2.5)	198.0	206.3	(8.3)	(4.0)
<i>Changes in fair value of financial instruments</i>	(3.3)	(6.8)	(3.5)	(52.1)	1.8	(4.9)	6.7	nm

nm – Not meaningful

Notes:

- (1) Finance expenses include interest and other financing charges
- (2) Non-operating income refers to fair value gain on initial recognition of available-for-sale investments (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 30 Sep				Nine Months ended 30 Sep			
	2016 S\$m	2015 S\$m	Incr/(Decr) S\$m	%	2016 S\$m	2015 S\$m	Incr/(Decr) S\$m	%
Profit for the period	86.0	118.7	(32.7)	(27.6)	287.4	291.5	(4.1)	(1.4)
Other comprehensive income Items that are or may be reclassified subsequently to profit or loss:								
Foreign currency translation differences	-	0.4	(0.4)	(105.9)	0.1	0.5	(0.4)	(87.0)
Effective portion of changes in fair value of cash flow hedge	(0.1)	0.7	(0.8)	nm	(0.5)	1.8	(2.3)	nm
Fair value changes on available- for-sale investments	6.2	-	6.2	nm	8.2	-	8.2	nm
Other comprehensive income for the period (net of taxation)	6.1	1.1	5.0	nm	7.8	2.3	5.5	nm
Total comprehensive income for the period	92.1	119.8	(27.7)	(23.2)	295.2	293.8	1.4	0.4
Attributable to:								
Equity holders of the Company	92.1	119.8	(27.7)	(23.2)	295.2	293.8	1.4	0.4
	92.1	119.8	(27.7)	(23.2)	295.2	293.8	1.4	0.4

nm – Not meaningful

1.3 GROUP PERFORMANCE REVIEW FOR THE PERIOD ENDED 30 SEPTEMBER 2016

(A) Revenue

Revenue	Quarter ended 30 Sep				Nine Months ended 30 Sep			
	2016 S\$m	2015 S\$m	Incr / (Decr) S\$m %		2016 S\$m	2015 S\$m	Incr / (Decr) S\$m %	
Mobile	299.4	310.6	(11.2)	(3.6)	902.8	926.8	(24.0)	(2.6)
Pay TV	93.6	97.2	(3.6)	(3.7)	283.9	291.0	(7.1)	(2.4)
Broadband	54.7	51.1	3.6	7.1	162.6	148.2	14.4	9.8
Enterprise Fixed	98.4	99.3	(0.9)	(1.0)	292.8	286.9	5.9	2.0
Service revenue	546.1	558.2	(12.1)	(2.2)	1,642.1	1,652.9	(10.8)	(0.6)
Sale of equipment	39.2	44.9	(5.7)	(12.9)	119.8	157.6	(37.8)	(24.0)
Total revenue	585.3	603.1	(17.8)	(3.0)	1,761.9	1,810.5	(48.6)	(2.7)

Revenue mix	Quarter ended 30 Sep		Nine Months ended 30 Sep	
	2016 Mix %	2015 Mix %	2016 Mix %	2015 Mix %
Mobile	51.2	51.5	51.3	51.2
Pay TV	16.0	16.1	16.1	16.1
Broadband	9.3	8.5	9.2	8.2
Enterprise Fixed	16.8	16.5	16.6	15.8
Sale of equipment	6.7	7.4	6.8	8.7
Total	100.0	100.0	100.0	100.0

3Q2016 Group's total revenue of S\$585.3 million was S\$17.8 million or 3.0% lower YoY (year-on-year), primarily due to lower revenue from mobile services and sale of equipment. For the nine-month period, the Group's total revenue of S\$1,761.9 million was S\$48.6 million or 2.7% lower YoY, attributed to lower revenue from both sale of equipment and services.

Against the corresponding periods last year, mobile service revenue in 3Q2016 and the nine-month periods was lower by 3.6% and 2.6% respectively. The lower revenue was due to lower usage from both post-paid and pre-paid services, mitigated by higher subscription revenue from a larger customer base.

For 3Q2016 and the nine-month period, pay TV service revenue was lower by 3.7% and 2.4% YoY respectively, primarily due to a lower customer base.

YoY, broadband service registered a revenue growth of 7.1% in 3Q2016 and 9.8% for the nine-month period. The increase was driven by increased take-up of higher speed plans. Average revenue per user (ARPU) of S\$37 in current periods was higher compared to S\$34 in 3Q2015 and S\$33 in the nine-month period last year.

Enterprise fixed service revenue in 3Q2016 was 1.0% lower YoY, primarily due to lower voice services. For the nine-month period, enterprise fixed service revenue was up 2.0%, mainly due to growth in data & internet services.

YoY, revenue from sale of equipment was 12.9% and 24.0% lower for 3Q2016 and the nine-month period respectively. The decrease was mainly due to lower volume of handsets sold and a lower mix of high-end models.

(B) Operating expenses

	Quarter ended 30 Sep				Nine Months ended 30 Sep			
	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	232.3	235.7	(3.4)	(1.5)	679.1	747.9	(68.8)	(9.2)
Other operating expenses	247.4	248.2	(0.8)	(0.3)	754.0	745.0	9.0	1.2
Total	479.7	483.9	(4.2)	(0.9)	1,433.1	1,492.9	(59.8)	(4.0)

3Q2016 and year-to-date total operating expenses were 0.9% and 4.0% lower YoY respectively, primarily due to lower cost of sales.

As a percentage of revenue, total operating expenses for 3Q2016 and the nine-month periods were at 82.0% and 81.3% respectively when compared to 80.2% and 82.5% 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			
	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	97.0	96.0	1.0	1.0	288.7	343.7	(55.0)	(16.0)
Cost of services	105.1	101.4	3.7	3.6	297.7	296.4	1.3	0.4
Traffic expenses	30.2	38.3	(8.1)	(21.1)	92.7	107.8	(15.1)	(14.0)
Total	232.3	235.7	(3.4)	(1.5)	679.1	747.9	(68.8)	(9.2)

For 3Q2016, cost of sales of S\$232.3 million was 1.5% lower YoY due to lower traffic expenses offset by higher cost of services and cost of equipment sold. For the nine-month period, total cost of sales decreased 9.2% YoY to S\$679.1 million, mainly due to lower cost of equipment sold and traffic expenses.

Compared to 3Q2015, the higher cost of equipment sold in 3Q2016 was due to higher broadband equipment cost as a result of higher fibre broadband take-up. This was mitigated by lower volume of handsets sold. For the nine-month period, the lower cost of equipment sold was largely due to reduced volume of handsets sold when compared to the corresponding period last year.

YoY, cost of services was higher by 3.6% and 0.4% for 3Q2016 and the nine-month period respectively, mainly due to higher enterprise fixed services costs.

Against the corresponding periods last year, traffic expenses were lower by 21.1% and 14.0% for 3Q2016 and the nine-month period respectively due to lower domestic and international traffic volume.

(ii) Other operating expenses

	Quarter ended 30 Sep				Nine Months ended 30 Sep			
	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	70.2	69.7	0.5	0.6	207.8	204.6	3.2	1.5
Operating leases	26.5	36.0	(9.5)	(26.4)	87.5	88.7	(1.2)	(1.4)
Marketing and promotions	27.6	31.9	(4.3)	(13.5)	95.0	102.6	(7.6)	(7.4)
Allowance for doubtful receivables	4.9	3.7	1.2	32.0	12.8	11.3	1.5	12.5
Repair and maintenance	22.3	21.7	0.6	2.8	70.6	61.7	8.9	14.5
Other expenses	29.5	17.1	12.4	73.0	82.3	69.8	12.5	17.9
Subtotal	181.0	180.1	0.9	0.5	556.0	538.7	17.3	3.2
Depreciation and amortisation (net of asset grants)	66.4	68.1	(1.7)	(2.5)	198.0	206.3	(8.3)	(4.0)
Total	247.4	248.2	(0.8)	(0.3)	754.0	745.0	9.0	1.2

When compared to the corresponding periods last year, the Group's other operating expenses was 0.3% lower for 3Q2016 and 1.2% higher for the nine-month period. As a percentage of revenue, other operating expenses were 42.3% in 3Q2016 and 42.8% for the nine-month period, up from 41.2% 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 increased CPF contribution, mitigated by lower over-time claims.

Operating leases

3Q2015 included a catch up of prior periods' property tax on our network offices. 3Q2016 included an adjustment for accruals no longer required. Excluding last year's catch up and the current year's adjustment of accruals, operating leases were higher by 2.0% and 1.0% for 3Q2016 and the nine-month period respectively.

Marketing and promotions

Compared to the corresponding periods last year, the lower marketing and promotions expenses in 3Q2016 and the nine-month period were primarily due to lower acquisition and re-contract costs driven by lower sales volume.

Allowance for doubtful receivables

YoY, allowance for doubtful receivables was higher by 32.0% in 3Q2016 and 12.5% for the nine-month period. The increase was mainly due to higher allowance for corporate customer receivables. As a percentage of service revenue, allowance for doubtful receivables ratio was 0.9% in 3Q2016 and 0.8% for the nine-month period, up from 0.7% previously.

Repair and maintenance

Repair and maintenance expense in 3Q2016 was 2.8% higher compared to 3Q2015. For the nine-month period, repair and maintenance expense increased 14.5% YoY to S\$70.6 million 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

Other expenses rose 73.0% in 3Q2016 and 17.9% for the nine-month period when compared to the corresponding periods last year. The YoY increase was attributed to unfavourable changes in fair value of financial instruments, higher licence fees and allowance for stock obsolescence.

Depreciation and amortisation

Depreciation and amortisation expenses in the current periods were lower compared to the corresponding periods last year. The decrease was mainly due to fixed assets fully depreciated, and a comparatively lower addition of fixed assets in current periods.

(C) Other income

Against 3Q2015, other income for 3Q2016 decreased S\$4.7 million due to lower NGNBN adoption grant income. For the nine-month period, other income was S\$4.2 million lower YoY largely due to lower NGNBN rollout income.

(D) Profitability

Profit from operations for 3Q2016 was 14.0% lower at S\$112.7 million, primarily due to lower revenue. For the nine-month period, profit from operations rose 2.0% YoY to S\$356.4 million, attributed to the lower volume of subsidised handsets in the mobile business, offset by lower service revenue.

3Q2016 EBITDA decreased 10.1% to S\$179.1 million and EBITDA margin as a percentage of service revenue at 32.8% was 2.9% points lower when compared to 3Q2015. For the nine-month period, EBITDA of S\$554.4 million was lower by 0.2% while EBITDA margin of 33.8% was up 0.2% points.

The higher finance income in current periods was due to higher cash balances, while higher finance expense was attributed to increase in interest expense following the issuance of the S\$300.0 million medium term notes in 2Q2016.

In the corresponding periods last year, the Group recognised a one-time non-operating gain of S\$15.0 million from the deconsolidation of one of its subsidiary, SHINE Systems Assets Pte. Ltd. (SSAPL), after STT APDC Pte. Ltd. made an investment of S\$36.9 million for a 70% stake in SSAPL. In the current nine-month period, the Group's non-operating gain relates to the fair value gain of S\$9.5 million from an investment in mm2 Asia Ltd.

3Q2016 profit before taxation decreased S\$36.6 million YoY to S\$105.5 million, primarily due to lower profits from operations (S\$18.3 million) and non-operating gain (S\$15.0 million), coupled with higher interest expenses (S\$3.5 million). For the nine-month period, profit before taxation was S\$4.5 million lower at S\$348.4 million, attributed to lower non-operating gain (S\$5.5 million) and higher interest expenses (S\$6.1 million), partially mitigated by higher profits from operations (S\$7.0 million).

On the account of lower profits, taxation was lower at S\$19.5 million for 3Q2016 and S\$61.0 million for the nine-month period. Net profit after taxation at S\$86.0 million in 3Q2016 was

27.6% lower when compared to 3Q2015, and for the nine-month period, decreased 1.4% YoY to S\$287.4 million.

2. BUSINESS REVIEW

Mobile Services

	Quarter ended 30 Sep				Nine Months ended 30 Sep			
	2016	2015	Incr / (Decr)		2016	2015	Incr / (Decr)	
	S\$m	S\$m	S\$m	%	S\$m	S\$m	S\$m	%
Mobile revenue	299.4	310.6	(11.2)	(3.6)	902.8	926.8	(24.0)	(2.6)

Mobile operating statistics	Quarter ended			Nine Months ended		YoY
	30 Sep 2016	30 Jun 2016	30 Sep 2015	30 Sep 2016	30 Sep 2015	Incr/(Decr) %
Number of registered customers (in thousands)						
Post-paid	1,373	1,364	1,320	1,373	1,320	4.0
Pre-paid	902	872	857	902	857	5.3
Total	2,275	2,235	2,177	2,275	2,177	4.5
Monthly minutes of use per registered customer						
Post-paid	206	210	228	210	228	(8.0)
Pre-paid	201	220	274	219	289	(24.2)
ARPU with IDD included (S\$ per month)						
Post-paid	69	71	71	70	70	(0.0)
Pre-paid	16	16	18	16	18	(9.5)
Tiered data plans						
Percentage of total Post-paid customers	66.7%	66.3%	63.4%	66.7%	63.4%	-
Percentage of tiered data plan customers exceeding data bundles	25.7%	24.0%	22.0%	24.3%	22.0%	-
Post-paid non-voice service as a contribution to ARPU						
Total data	62.1%	60.1%	56.9%	60.7%	56.5%	-
Non-SMS data	56.5%	54.3%	50.1%	54.8%	49.5%	-
Average monthly churn rate (post-paid)	0.8%	0.9%	1.0%	0.9%	0.9%	-
Singapore mobile penetration ⁽¹⁾	148.9%	148.2%	147.5%	148.9%	147.5%	-
Market Share ⁽¹⁾	27.0%	26.9%	26.7%	27.0%	26.7%	-

Note:

(1) Source: IMDA (As at July 2016)

Total mobile service revenue for 3Q2016 and the nine-month periods was 3.6% and 2.6% lower respectively. The decrease was primarily due to lower usage revenue from voice services, IDD and roaming services. This was partly mitigated by increase in subscription revenue from higher take up of 4G tiered plans.

Post-paid mobile services

As at 30 September 2016, post-paid mobile subscriber base was 1,373,000 subscribers after the quarter's net addition of 9,000 subscribers. Compared to a year ago, post-paid customer base grew by 53,000 customers or 4.0%. The percentage of customers on tiered data mobile subscription plans also grew to 66.7% as at 30 September 2016, up from 63.4% a year ago.

Post-paid mobile ARPU in 3Q2016 was S\$2 lower at S\$69 when compared to S\$71 in 3Q2015, primarily due to lower revenue from IDD, local voice and roaming services. For the nine-month period, ARPU remained stable at S\$70. Higher subscription revenue attributed to an increasing mix of customers on the 4G tiered data plans and excess data usage was offset by lower usage revenue from IDD, voice and roaming services. The percentage of tiered data customers exceeding their data bundle rose to 25.7% in 3Q2016 and 24.3% for the nine-month period, up from 22% previously.

As a percentage of post-paid ARPU, post-paid non-voice was higher at 62.1% in 3Q2016 and 60.7% for the nine-month period, up from 56.9% and 56.5% in the corresponding periods last year.

Post-paid mobile monthly average churn was lower at 0.8% in 3Q2016 compared to 1.0% in 3Q2015. For the nine-month period, churn remained stable at 0.9%.

Pre-paid mobile services

As at 30 September 2016, pre-paid mobile customer base was 902,000 customers after the quarter's net addition of 30,000 customers. Compared to a year ago, pre-paid customer base grew by 45,000 customers or 5.3% increase YoY.

Pre-paid mobile ARPU at S\$16 in the current periods was S\$2 lower YoY due to lower usage.

Pay TV Services

	Quarter ended 30 Sep				Nine Months ended 30 Sep			
	2016	2015	Incr / (Decr)		2016	2015	Incr / (Decr)	
	S\$m	S\$m	S\$m	%	S\$m	S\$m	S\$m	%
Pay TV revenue	93.6	97.2	(3.6)	(3.7)	283.9	291.0	(7.1)	(2.4)

Pay TV operating statistics	Quarter ended			Nine Months ended		YoY
	30 Sep	30 Jun	30 Sep	30 Sep		Incr/(Decr)
	2016	2016	2015	2016	2015	%
Number of residential Pay TV customers (in thousands)	507	518	542	507	542	(6.5)
ARPU (S\$ per month)	51	52	51	51	51	0.5
Average monthly churn rate	1.0%	1.0%	0.7%	1.0%	0.7%	-
StarHub's penetration	33.2%	35.4%	40.5%	33.2%	40.5%	-

Compared to the corresponding periods last year, pay TV service revenue was lower by 3.7% and 2.4% for 3Q2016 and the nine-month period respectively. Decrease in subscription revenue from a lower subscriber base was partially mitigated by higher advertising revenue.

As at 30 September 2016, pay TV subscriber base was 507,000 subscribers after the quarter's net churn of 11,000 subscribers. Compared to a year ago, pay TV subscriber base was down by 35,000 subscribers or 6.5%. Pay TV monthly churn was higher at 1.0% compared to 0.7% last year.

Pay TV ARPU at S\$51 was comparable to last year.

Broadband Services

	Quarter ended 30 Sep				Nine Months ended 30 Sep			
	2016	2015	Incr / (Decr)		2016	2015	Incr / (Decr)	
	S\$m	S\$m	S\$m	%	S\$m	S\$m	S\$m	%
Broadband revenue	54.7	51.1	3.6	7.1	162.6	148.2	14.4	9.8

Broadband operating statistics	Quarter ended			Nine Months ended		YoY
	30 Sep	30 Jun	30 Sep	30 Sep		Incr/(Decr)
	2016	2016	2015	2016	2015	%
Number of residential broadband customers - subscription-based (in thousands)	475	473	477	475	477	(0.4)
Number of fibre broadband customers - subscription-based (in thousands)	351	328	245	351	245	43.1
ARPU (S\$ per month)	37	37	34	37	33	10.3
Average monthly churn rate	1.0%	1.2%	1.0%	1.1%	0.9%	-

Compared to the corresponding periods last year, broadband service revenue was higher by 7.1% and 9.8% for 3Q2016 and the nine-month period respectively. The increase was mainly attributed to higher subscription revenue despite 0.4% drop in subscriber base. An increased mix of customers on the fibre and higher speed plans drove the increase in subscription revenue. ARPU rose to S\$37 in the current periods.

Against last year, total fibre broadband customer base grew 43.1% to 351,000 subscribers as at 30 September 2016.

Total residential broadband subscriber base stood at 475,000 subscribers as at 30 September 2016 after the quarter's net addition of 2,000 subscribers. Compared to a year ago, broadband residential subscriber base was down by 2,000 subscribers or 0.4%. Broadband average monthly churn at 1.0% in 3Q2016 was comparable to 3Q2015. Churn for the nine-month period was higher at 1.1% compared to 0.9% in the same period last year.

Enterprise Fixed Services

	Quarter ended 30 Sep				Nine Months ended 30 Sep			
	2016	2015	Incr / (Decr)		2016	2015	Incr / (Decr)	
Enterprise Fixed revenue	S\$m	S\$m	S\$m	%	S\$m	S\$m	S\$m	%
Data & Internet	85.6	85.0	0.6	0.6	253.2	246.1	7.1	2.9
Voice services	12.8	14.3	(1.5)	(10.8)	39.6	40.8	(1.2)	(3.0)
Total	98.4	99.3	(0.9)	(1.0)	292.8	286.9	5.9	2.0

Revenue from enterprise fixed services of S\$98.4 million for 3Q2016 was 1.0% lower compared to 3Q2015 due to lower voice services. For the nine-month period, revenue was up 2.0% YoY mainly due to growth in managed services.

YoY, data & internet service revenue was higher by 0.6% in 3Q2016 and 2.9% for the nine-month period. The increase was due to higher revenue from internet and managed services, offset by lower revenue from domestic and international leased circuits.

Voice service revenue in 3Q2016 decreased 10.8% when compared to 3Q2015, mainly due to lower IDD and international interconnect traffic. For the nine-month period, the 3.0% decrease in voice service revenue was primarily due to local voice services.

Hubbing (Multi-Service Households)

Hubbing Metrics	As at			YoY Incr/(Decr) %
	30 Sep 2016	30 Jun 2016	30 Sep 2015	
Total hubbing households with at least one service of Post-Paid Mobile, Pay TV and/or Broadband services (in thousands)	769.4	769.4	775.6	(0.8)
Percentage of total hubbing households which subscribe to any two services	27.5%	27.6%	28.2%	(0.7)% pts
Percentage of total hubbing households which subscribe to all three services	30.9%	31.3%	31.7%	(0.8)% pts
Percentage of total hubbing households which subscribe to two or more services	58.4%	58.9%	59.9%	(1.5)% pts
Total Singapore occupied homes (in thousands, estimated) ⁽¹⁾	1,245	1,245	1,230	1.2

Note:

(1) Source: Nielsen Media Research for 2015 estimates

As at 30 September 2016, the total number of households which subscribed to at least one of the hubbing service was 769,400 households. This was 6,200 households or 0.8% lower YoY.

Triple service households were 238,000 households as at 30 September 2016. This represented 30.9% of total hubbing households, down from 31.7% a year ago. The decrease was primarily due to higher churn in overall TV households.

As a result, the percentage of households which subscribed to two or more services was lower at 58.4% as at 30 September 2016, down from 59.9% a year ago.

3. GROUP CASH FLOW STATEMENT

	Quarter ended 30 Sep		Nine Months ended 30 Sep	
	2016 S\$m	2015 S\$m	2016 S\$m	2015 S\$m
Operating Activities				
Profit before taxation	105.5	142.1	348.4	352.9
Adjustments for :				
Depreciation and amortisation (net of asset grants)	66.4	68.1	198.0	206.3
Income related grants	(7.1)	(11.8)	(27.4)	(31.8)
Share-based payments expenses	2.2	2.3	6.8	7.1
Changes in fair value of financial instruments	(3.3)	(6.8)	1.8	(4.9)
Net finance expenses	6.3	3.7	16.1	11.3
Share of loss of associate (net of tax)	0.9	0.2	1.4	0.2
Non-operating income	-	(15.0)	(9.5)	(15.0)
Others	-	0.1	1.2	0.4
Operating cash flow before working capital changes	170.9	182.9	536.8	526.5
Changes in working capital	2.6	58.6	1.5	(13.1)
Income tax paid	(21.0)	(35.2)	(68.6)	(91.5)
Net cash from operating activities	152.5	206.3	469.7	421.9
Investing Activities				
Proceeds from disposal of fixed assets	0.2	0.1	0.3	0.5
Purchase of fixed assets	(150.1)	(67.0)	(240.3)	(225.8)
Interest received	1.5	0.5	2.4	1.4
(Loan to) / Repayment of loan from an associate	(7.5)	36.9	(7.5)	36.9
Investment in an associate	-	(12.0)	-	(12.0)
Purchase of available-for-sale investments	-	-	(18.0)	-
Net cash used in investing activities	(155.9)	(41.5)	(263.1)	(199.0)
Financing Activities				
Proceeds from exercise of share options	-	-	-	0.3
Proceeds from issuance of medium term notes	-	-	300.0	-
Grants received	4.8	6.1	28.3	19.9
Dividends paid	(86.6)	(86.4)	(259.7)	(259.4)
Finance expenses paid	(5.1)	(7.0)	(16.0)	(15.8)
Net cash (used in) / from financing activities	(86.9)	(87.3)	52.6	(255.0)
Net change in cash and cash equivalents	(90.3)	77.5	259.2	(32.1)
Exchange difference on cash and cash equivalents	-	0.3	-	0.3
Cash and cash equivalents at beginning of the period	522.9	154.6	173.4	264.2
Cash and cash equivalents at end of the period	432.6	232.4	432.6	232.4

The Group's net cash from operating activities of S\$152.5 million in 3Q2016 was S\$53.8 million lower YoY. The lower cash inflow was largely due to lower cash flows from operations, coupled with lower positive changes in working capital, mitigated by lower tax paid. For the nine-month period, the Group's net cash from operating activities was S\$47.8 million higher at S\$469.7 million, with increase attributed to higher cash flows from operations, coupled with lower working capital needs and tax paid.

Positive working capital changes of S\$2.6 million in 3Q2016 were mainly due to higher trade and other payables, offset by higher inventories, trade receivables, other receivables, deposits and prepayments, coupled with lower net balances due to related parties. For the nine-month

period, positive working capital changes of S\$1.5 million were primarily due to higher trade and other payables, coupled with lower inventories, other receivables, deposits and prepayments. This was offset by lower net balances due to related parties and higher trade receivables.

For 3Q2016 and the nine-month period, the Group's total net cash used in investing activities was S\$114.4 million and S\$64.1 million higher YoY respectively. The increase was mainly due to higher CAPEX payments, loan repayment from associate of S\$36.9 million in 2015 as compared to loan disbursed to associate of S\$7.5 million in current periods. YoY, the Group's net cash outflow for investments was an additional S\$6.0 million, with S\$18.0 million investment in mm2 in 2016 as compared to S\$12.0 million additional capital injected in associate in 2015.

The Group's CAPEX payments totaled S\$150.1 million in 3Q2016 and S\$240.3 million for the nine-month period. Excluding the S\$80 million spectrum paid in 3Q2016, CAPEX payments in 3Q2016 and the nine-month period were at 12.0% and 9.1% of total revenue respectively.

Free cash flow was lower at S\$2.4 million in 3Q2016 when compared to 3Q2015, due to lower cash from operating activities and higher CAPEX payments. Year-to-date, free cash flow was S\$33.3 million higher at S\$229.4 million due mainly to higher cash from operations.

For 3Q2016, net cash used in financing activities was S\$86.9 million when compared to S\$87.3 million in 3Q2015. For the nine-month period, net cash from financing activities was an inflow of S\$52.6 million as compared to an outflow of S\$255.0 million in the same period last year. The change was primarily attributed to the proceeds from the issuance of S\$300.0 million medium term notes and higher grants received in the current period.

The resulting net cash generated was a deficit of S\$90.3 million for the quarter and surplus of S\$259.2 million for the nine-month period. As a result, cash and cash equivalents balance was higher at S\$432.6 million as at 30 September 2016, up from S\$232.4 million a year ago.

Capital expenditure commitments

As of 30 September 2016, the Group's total outstanding capital expenditure commitments amounted to S\$204.9 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	
	30 Sep 16 S\$m	31 Dec 15 S\$m	30 Sep 16 S\$m	31 Dec 15 S\$m
Non-current assets				
Property, plant and equipment	866.1	890.0	405.7	411.4
Intangible assets	454.6	388.1	68.5	70.6
Subsidiaries	-	-	2,076.1	1,758.1
Associate	26.2	27.5	27.8	27.8
Available-for-sale investments	35.6	-	35.6	-
Balances with related parties	7.6	-	7.6	344.2
	1,390.1	1,305.6	2,621.3	2,612.1
Current assets				
Inventories	39.4	54.3	0.6	50.1
Trade receivables	163.7	153.3	134.5	137.5
Other receivables, deposits and prepayments	179.4	196.8	36.0	34.1
Balances with related parties	15.6	26.0	364.4	110.8
Cash and cash equivalents	432.6	173.4	382.4	154.2
	830.7	603.8	917.9	486.7
Less:				
Current liabilities				
Trade and other payables	698.3	687.3	298.0	297.7
Balances with related parties	89.2	122.5	566.3	404.4
Borrowings	10.0	137.5	10.0	137.5
Provision for taxation	78.4	80.6	70.1	49.1
	875.9	1,027.9	944.4	888.7
Net current liabilities	(45.2)	(424.1)	(26.5)	(402.0)
Non-current liabilities				
Trade and other payables	21.4	22.7	21.4	22.7
Borrowings	977.5	550.0	977.5	550.0
Deferred income	1.5	1.1	1.5	1.1
Deferred tax liabilities	114.6	120.1	58.5	61.3
	1,115.0	693.9	1,058.9	635.1
Net assets	229.9	187.6	1,535.9	1,575.0
Shareholders' equity				
Share capital	299.7	293.5	299.7	293.5
Reserves	(69.8)	(105.9)	1,236.2	1,281.5
Total equity	229.9	187.6	1,535.9	1,575.0

GROUP BALANCE SHEET REVIEW

The Group's non-current assets totaled S\$1,390.1 million as at 30 September 2016, an increase of S\$84.5 million compared to 31 December 2015. The higher net book values for intangible assets included the addition of 4G spectrum rights in 3Q2016, while the increase in non-current balance due from related parties of S\$7.6 million included a loan disbursement of S\$7.5 million to associate. These increases, together with the investment in mm2 stated at fair value of S\$35.6 million as at 30 September 2016, offset by lower net book values for property, plant and equipment contributed to the increase in non-current assets.

Total current assets were S\$830.7 million as at 30 September 2016, up from S\$603.8 million as at 31 December 2015. The increase of S\$226.9 million was primarily due to higher cash and cash equivalents, and trade receivables, offset by lower inventories, other receivables, deposits and prepayments, and balances due from related parties.

Total current liabilities decreased from S\$1,027.9 million as at 31 December 2015 to S\$875.9 million as at 30 September 2016. In 3Q2016, some bank borrowings were extended resulting in the reclassification of the current portion of the bank borrowings from current liabilities to non-current liabilities. The lower current borrowings and balances due to related parties were the main contributing factors to the decrease in current liabilities. Capital expenditure payables amounted to S\$64.0 million as at 30 September 2016, S\$1.6 million higher compared to 31 December 2015.

As at 30 September 2016, total non-current liabilities were S\$421.1 million higher at S\$1,115.0 million when compared to 31 December 2015. The increase was due to the S\$300.0 million medium term notes issued in 2Q2016 and reclassification of bank borrowings from current liabilities.

Compared to 31 December 2015, the Group's shareholders' equity increased by S\$42.3 million to S\$229.9 million. The increase was primarily due to higher share capital of S\$6.2 million, increased retained profits of S\$27.7 million, and favourable changes in fair value of available-for-sale investments of S\$8.2 million.

5. GROUP UNSECURED BORROWINGS

Unsecured borrowings	30 Sep 16	31 Dec 15
	S\$m	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

In June 2016, the Group issued a S\$300.0 million 3.55% fixed rate 10-year medium term notes due in 2026 under its S\$1 billion Multicurrency Medium Term Note Programme. This resulted in the Group's unsecured borrowings increasing from S\$687.5 million as at 31 December 2015 to S\$987.5 million as at 30 September 2016.

Compared to 31 December 2015, net debt was S\$40.8 million higher at S\$554.9 million as at 30 September 2016, due to increased borrowings mitigated by higher ending cash balances. As a ratio of 2015 EBITDA, the Group's net debt was higher at 0.78 times as at 30 September 2016, up from 0.72 times as at 31 December 2015.

6. STATEMENT OF CHANGES IN EQUITY

Group	Share capital 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	-	-	-	-	-	-	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)
Fair value changes on available-for-sale investments	-	-	-	2.0	-	-	-	2.0	2.0
Total comprehensive income for the period	-	-	-	2.0	(0.4)	0.1	201.4	203.1	203.1
Transactions with equity holders of the Company, recognised directly in equity									
<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
Total comprehensive income for the period									
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)
Fair value changes on available-for-sale investments	-	-	-	6.2	-	-	-	6.2	6.2
Total comprehensive income for the period	-	-	-	6.2	(0.1)	-	86.0	92.1	92.1
Transactions with equity holders of the Company, recognised directly in equity									
<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)

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	-	-	-	-	-	172.8	172.8	172.8
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)	-	-	-	1.1	-	-	1.1	1.1
Total comprehensive income for the period	-	-	-	1.1	0.1	172.8	174.0	174.0
Transactions with equity holders of the Company, recognised directly in equity								
<i>Contributions by and distributions to equity holders of the Company</i>								
Issue of shares pursuant to share plans	10.9	-	(10.6)	-	-	-	(10.6)	0.3
Share-based payments expenses	-	-	4.8	-	-	-	4.8	4.8
Dividends paid	-	-	-	-	-	(173.0)	(173.0)	(173.0)
Total transactions with equity holders of the Company	10.9	-	(5.8)	-	-	(173.0)	(178.8)	(167.9)
At 30 Jun 2015	293.5	(276.3)	7.6	(0.3)	0.9	129.7	(138.4)	155.1
Total comprehensive income for the period								
Profit for the period	-	-	-	-	-	118.7	118.7	118.7
Other comprehensive income								
Foreign currency translation differences	-	-	-	-	0.4	-	0.4	0.4
Effective portion of changes in fair value of cash flow hedge (net of taxation)	-	-	-	0.7	-	-	0.7	0.7
Total comprehensive income for the period	-	-	-	0.7	0.4	118.7	119.8	119.8
Transactions with equity holders of the Company, recognised directly in equity								
<i>Contributions by and distributions to equity holders of the Company</i>								
Share-based payments expenses	-	-	2.3	-	-	-	2.3	2.3
Dividends paid	-	-	-	-	-	(86.4)	(86.4)	(86.4)
Total transactions with equity holders of the Company	-	-	2.3	-	-	(86.4)	(84.1)	(84.1)
At 30 Sep 2015	293.5	(276.3)	9.9	0.4	1.3	162.0	(102.7)	190.8

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

Company	Share capital 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	-	-	-	-	-	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)
Fair value changes on available-for-sale investments	-	-	-	2.0	-	-	2.0	2.0
Total comprehensive income for the period	-	-	-	2.0	(0.4)	148.7	150.3	150.3
Transactions with equity holders of the Company, recognised directly in equity								
<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
Total comprehensive income for the period								
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)
Fair value changes on available-for-sale investments	-	-	-	6.2	-	-	6.2	6.2
Total comprehensive income for the period	-	-	-	6.2	(0.1)	57.4	63.5	63.5
Transactions with equity holders of the Company, recognised directly in equity								
<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

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
<u>Total comprehensive income for the period</u>							
Profit for the period	-	-	-	-	130.2	130.2	130.2
Other comprehensive income							
Effective portion of changes in fair value of cash flow hedge (net of taxation)	-	-	-	1.1	-	1.1	1.1
Total comprehensive income for the period	-	-	-	1.1	130.2	131.3	131.3
<u>Transactions with equity holders of the Company, recognised directly in equity</u>							
<i>Contributions by and distributions to equity holders of the Company</i>							
Issue of shares pursuant to share plans	10.9	-	(10.6)	-	-	(10.6)	0.3
Share-based payments expenses	-	-	4.8	-	-	4.8	4.8
Dividends paid	-	-	-	-	(173.0)	(173.0)	(173.0)
Total transactions with equity holders of the Company	10.9	-	(5.8)	-	(173.0)	(178.8)	(167.9)
At 30 Jun 2015	293.5	276.5	7.6	(0.3)	780.4	1,064.2	1,357.7
<u>Total comprehensive income for the period</u>							
Profit for the period	-	-	-	-	57.9	57.9	57.9
Other comprehensive income							
Effective portion of changes in fair value of cash flow hedge (net of taxation)	-	-	-	0.7	-	0.7	0.7
Total comprehensive income for the period	-	-	-	0.7	57.9	58.6	58.6
<u>Transactions with equity holders of the Company, recognised directly in equity</u>							
<i>Contributions by and distributions to equity holders of the Company</i>							
Share-based payments expenses	-	-	2.3	-	-	2.3	2.3
Dividends paid	-	-	-	-	(86.4)	(86.4)	(86.4)
Total transactions with equity holders of the Company	-	-	2.3	-	(86.4)	(84.1)	(84.1)
At 30 Sep 2015	293.5	276.5	9.9	0.4	751.9	1,038.7	1,332.2

7. CHANGES IN COMPANY'S SHARE CAPITAL

Share Capital

As at 30 September 2016, the share capital of the Company was S\$299.7 million comprising 1,731,651,443 issued ordinary shares. As at 31 December 2015, it was S\$293.5 million comprising 1,729,795,128 ordinary shares.

Treasury Shares

As at 30 September 2016, the Company did not hold any treasury shares (30 September 2015: nil treasury shares).

There was no purchase of shares from the market in the current and comparative periods.

Issue of new shares

Number of new ordinary shares issued:	3Q2016	YTD Sep 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	136,300	1,856,315

This was done via the transfer from the Company's share-based payment reserve at S\$0.5 million in 3Q2016 and S\$6.2 million for the nine-month period.

Outstanding Shares – Share Options and Share-Based Plans

Share Option Plans

As at 30 September 2016, there were no outstanding share options under the Company's share option plans (30 September 2015: nil).

Performance Share Plans

As at 30 September 2016, the outstanding balance of conditional awards under the Performance Share Plans was 1,761,100 ordinary shares (30 September 2015: 1,533,800 ordinary shares).

Restricted Stock Plans

As at 30 September 2016, the outstanding balance of conditional awards under the Restricted Stock Plans was 5,427,524 ordinary shares (30 September 2015: 5,329,733 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 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.

11. CHANGES IN ACCOUNTING POLICIES AND ESTIMATES

Not applicable.

12. GROUP EARNINGS PER ORDINARY SHARE

	Quarter ended 30 Sep		Nine Months ended 30 Sep	
	2016	2015	2016	2015
Basic				
Earnings per share	5.0 cents	6.9 cents	16.6 cents	16.9 cents
Weighted average number of shares ('000)	1,731,606	1,729,795	1,731,106	1,728,870
Diluted				
Earnings per share	4.9 cents	6.8 cents	16.5 cents	16.8 cents
Weighted average number of shares ('000)	1,738,795	1,736,659	1,738,295	1,735,733

13. NET ASSET VALUE PER ORDINARY SHARE

	Group		Company	
	30 Sep 2016	31 Dec 2015	30 Sep 2016	31 Dec 2015
Net asset value per share	13.3 cents	10.8 cents	88.7 cents	91.1 cents

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

Compared to the corresponding period last year, the Group's service revenue for the nine months ended 30 September 2016 was lower by 0.6%. This was below our guidance of full year's service revenue to be at about 2015's level.

EBITDA margin for the nine-month period was higher at 33.8% of service revenue when compared to 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 nine-month period amounted to S\$160.3 million or 9.1% of total revenue. Our guidance for 2016 CAPEX is expected to be at about 13% of total revenue, excluding the S\$80 million spectrum payment in respect of the spectrum awarded in 2013 and any payment in respect of new spectrum which is expected to take place in 4Q2016.

15. GROUP OUTLOOK

In the Mobile business, data usage will continue to grow while voice, SMS and IDD usage will be lower. We have launched SurfHub plans which offered larger mobile data bundles with fibre broadband access. We also expect our customer base on tiered data plan subscriptions to grow.

For Broadband, we expect subscriber base to keep on growing on the back of stronger take up of hubbing bundles such as SurfHub, HomeHub and HomeHub Go. ARPU is expected to grow as more customers upgrade to higher speed plans. We continue to offer cable and fibre broadband options to cater to different user requirements.

We continue to enhance our Pay TV and StarHub Go offering to cater to changing customer needs and viewing behaviours. We see the proliferation of alternative streaming boxes in the market as an ongoing challenge.

In the Enterprise business, demand for our smart solutions that pulls through core services has improved revenue growth. Our analytics capabilities and cyber security solutions will increasingly be the differentiator in this segment. Data and internet services growth momentum continues amidst intense price competition.

Based on the current outlook, we maintain our guidance on the Group's 2016 service revenue to be at about 2015's level and Group EBITDA margin at about 32% of service revenue. In 2016, CAPEX payment is expected to be at about 13% of total revenue, excluding the S\$80 million spectrum payment due in 2016 in respect of the spectrum awarded in 2013 and any payment in respect of new spectrum which is expected to take place in 4Q2016.

For 2016, we intend to maintain the annual cash dividend of 20 cents per ordinary share.

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

forward-looking statements include known and unknown risks. Because actual results could differ materially from our intentions, plans, expectations, assumptions and beliefs about the future, you are urged to view all forward-looking statements contained in this release with caution.

16. DIVIDENDS

(a) Current financial period reported on

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

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

(b) Corresponding period of the immediately preceding financial year

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

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

(c) Date payable

The interim dividend will be paid on 24 November 2016.

(d) Book closure date

Notice is hereby given that the Register of Members and the Transfer Books of the Company will be closed on 11 November 2016 (“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 2016 (“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 at 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

	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 2016 to 30 September 2016 S\$m
Transactions for the Sale of Goods & Services	
CapitalLand Limited & its associates	0.4
SATS Ltd. & its associates	0.1
Singapore Telecommunications Limited & its associates	6.3
TeleChoice International Ltd & its associates	23.9
Temasek Holdings (Private) Limited & its associates (other than those disclosed above)	0.6
	31.3
Transactions for the Purchase of Goods & Services	
Singapore Power Limited & its associates	6.4
Singapore Telecommunications Limited & its associates	16.4
TeleChoice International Ltd & its associates	76.3
Temasek Holdings (Private) Limited & its associates (other than those disclosed above)	9.7
	108.8

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 ended 30 September 2016 to be false or misleading in any material aspects.

On behalf of the Board of Directors

Steven Terrell Clontz
Director

Tan Tong Hai
Director

Singapore
2 November 2016

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.