



Second Quarter and Half Year 2016 Financial Statement Announcement

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Notes:

(1) Numbers in all tables may not exactly add due to rounding.



1(a) Consolidated Statement of Comprehensive Income for:

		2Q2016	2Q2015		1H2016	1H2015	
	Note	S\$'m	S\$'m	Change	S\$'m	S\$'m	Change
Operating revenue	(i)	240.4	276.8	-13.2%	498.0	571.7	-12.9%
Operating expenses	(ii)	(191.1)	(222.5)	-14.1%	(396.4)	(461.9)	-14.2%
Other revenue		1.9	0.7	176.7%	2.4	1.6	54.2%
Finance costs		(1.6)	(1.2)	31.3%	(2.8)	(2.3)	25.1%
Profit before tax		49.5	53.8	-8.0%	101.2	109.1	-7.3%
Taxation	(iii)	(8.5)	(9.5)	-10.1%	(17.7)	(19.1)	-7.6%
Net profit		41.0	44.3	-7.5%	83.5	90.0	-7.2%
Other comprehensive income		-	-	-	-	-	-
Total comprehensive income for the period		41.0	44.3	-7.5%	83.5	90.0	-7.2%
Earnings per share (cents)							
Basic		4.4	4.7	-6.9%	9.0	9.6	-7.0%
Diluted		4.4	4.7	-6.7%	8.9	9.6	-6.6%
EBITDA (S\$m)		82.2	83.6	-1.7%	165.4	166.9	-0.9%

The net profit included the following:

	2Q2016	2Q2015	1H2016	1H2015
	S\$'m	S\$'m	S\$'m	S\$'m
Other revenue including interest income	(1.9)	(0.7)	(2.4)	(1.6)
Interest on borrowings	1.6	1.2	2.8	2.3
Depreciation and amortisation	31.1	28.6	61.4	55.6
Allowance for doubtful debts and bad debts written off	2.0	1.3	4.3	3.8
Write-back for inventory obsolescence	(0.7)	-	(0.6)	-
Foreign exchange loss, net	0.2	0.7	0.4	0.7
(Gain)/loss on disposal of fixed assets	*	(*)	*	(0.1)

* Denotes less than S\$0.05 million



1(b) Statements of Financial Position as at:

	Note	Group		Company	
		30 Jun 2016	31 Dec 2015	30 Jun 2016	31 Dec 2015
		S\$'m	S\$'m	S\$'m	S\$'m
Non-current assets:					
Fixed assets		732.0	713.9	714.6	697.3
Licences and spectrum rights		82.0	89.1	82.0	89.1
Other intangibles		13.7	13.8	*	0.1
Staff loans		0.3	0.2	0.3	0.2
Long-term investments		9.5	8.5	-	-
Interest in subsidiaries		-	-	7.1	7.1
Due from subsidiaries		-	-	26.4	25.4
		<u>837.5</u>	<u>825.5</u>	<u>830.4</u>	<u>819.2</u>
Current assets:					
Inventories		18.1	51.5	*	*
Trade debtors	(iv)	142.9	165.9	138.1	161.7
Other debtors		19.8	20.5	14.0	15.0
Prepayments		9.9	12.4	9.6	12.0
Due from related companies		0.3	0.2	0.3	0.7
Cash and cash equivalents	(v)	8.2	10.0	7.2	9.2
		<u>199.3</u>	<u>260.5</u>	<u>169.2</u>	<u>198.6</u>
Current liabilities:					
Creditors and accruals		(126.3)	(145.5)	(105.6)	(110.7)
Unearned revenue		(26.3)	(25.5)	(23.7)	(23.1)
Due to related companies		(0.4)	(0.2)	(22.6)	(0.1)
Borrowings	(vi)	(85.0)	(353.8)	(85.0)	(353.8)
Taxation		(34.5)	(36.8)	(31.0)	(33.4)
		<u>(272.4)</u>	<u>(561.8)</u>	<u>(267.9)</u>	<u>(521.2)</u>
Net current liabilities		(73.1)	(301.3)	(98.7)	(322.6)
Non-current liabilities:					
Borrowings	(vi)	(250.0)	-	(250.0)	-
Deferred tax liabilities		(113.5)	(110.9)	(114.0)	(111.4)
Net assets		<u>400.9</u>	<u>413.2</u>	<u>367.9</u>	<u>385.2</u>
Represented by:					
Share capital		217.2	217.1	217.2	217.1
Share option reserve		6.1	5.6	6.1	5.6
Treasury Shares		(19.3)	-	(19.3)	-
Retained profits		196.9	190.5	163.9	162.6
Total shareholders' equity		<u>400.9</u>	<u>413.2</u>	<u>367.9</u>	<u>385.2</u>

* Denotes less than S\$0.05 million



1(c) Consolidated Cash Flow Statement for:

	2Q2016	2Q2015	1H2016	1H2015
	S\$'m	S\$'m	S\$'m	S\$'m
Cash flows from operating activities:				
Profit before tax	49.5	53.8	101.2	109.1
Adjustments for:				
Share option expenses	0.4	0.5	0.6	1.1
Depreciation of fixed assets	27.5	25.7	54.3	49.7
Gain on disposal of fixed assets	*	(*)	*	(0.1)
Amortisation	3.6	2.9	7.2	5.9
Interest income	(*)	(*)	(*)	(*)
Interest on borrowings	1.6	1.2	2.8	2.3
Operating cash flows before working capital changes	82.6	84.1	166.0	167.9
Changes in:				
Inventories	17.9	3.3	33.4	(0.9)
Trade debtors	15.7	1.9	23.0	(6.7)
Other debtors	(1.3)	0.7	0.7	0.3
Prepayments	1.6	1.0	2.4	1.2
Non-current staff loans	(0.1)	*	(0.1)	*
Creditors and accruals	(11.4)	4.4	(19.5)	(6.7)
Unearned revenue	(0.6)	(3.1)	0.8	(3.5)
Related companies	0.1	0.4	0.1	0.5
Changes in working capital	21.9	8.7	40.8	(15.9)
Interest received	*	*	*	*
Interest paid	(2.2)	(2.1)	(2.6)	(2.3)
Payment of tax	(17.4)	(19.5)	(17.4)	(20.1)
Net cash flows from operating activities	84.8	71.1	186.8	129.7
Cash flows from investing activities:				
Purchase of fixed assets	(34.5)	(40.0)	(72.4)	(65.1)
Purchase of long-term investment	-	-	(1.0)	-
Proceeds from disposal of fixed assets	*	*	*	0.1
Net cash flows used in investing activities	(34.5)	(40.0)	(73.4)	(65.0)
Cash flows from financing activities:				
Proceeds from loans	56.5	102.2	58.1	108.5
Repayment of term loans	(33.0)	(11.8)	(76.9)	(66.3)
Issue/(purchase) of treasury shares	*	-	(19.3)	-
Proceeds from issuance of ordinary shares on exercise of employee share options	(*)	5.1	0.1	14.6
Dividends paid to shareholders	(77.2)	(111.4)	(77.2)	(111.4)
Net cash flows used in financing activities	(53.7)	(16.0)	(115.2)	(54.6)
Net changes in cash and cash equivalents	(3.3)	15.2	(1.8)	10.2
Cash and cash equivalents at beginning of financial period	11.6	17.8	10.0	22.8
Cash and cash equivalents at end of financial period	8.2	33.0	8.2	33.0

* Denotes less than S\$0.05 million



1(d) (i) Statements of Changes in Equity:

Group	Attributable to Equity Holders of the Company				
	Share Capital S\$'m	Share Option Reserve S\$'m	Treasury Shares S\$'m	Retained Profits S\$'m	Total S\$'m
As at 1 January 2016	217.1	5.6	-	190.5	413.2
Total comprehensive income for the period	-	-	-	42.5	42.5
Issuance of ordinary shares on exercise					
of employee share options	0.1	-	-	-	0.1
Expenses on share options	-	0.2	-	-	0.2
Purchase of treasury shares	-	-	(19.3)	-	(19.3)
As at 31 March 2016	217.2	5.8	(19.3)	233.1	436.7
Total comprehensive income for the period	-	-	-	41.0	41.0
Issuance of ordinary shares on exercise					
of employee share options	(*)	(*)	-	-	(*)
Expenses on share options	-	0.4	-	-	0.4
Treasury shares transferred pursuant to share option plans	-	-	*	-	*
Dividends	-	-	-	(77.2)	(77.2)
As at 30 June 2016	217.2	6.1	(19.3)	196.9	400.9

* Denotes less than S\$0.05 million

Group	Attributable to Equity Holders of the Company			
	Share Capital S\$'m	Share Option Reserve S\$'m	Retained Profits S\$'m	Total S\$'m
As at 1 January 2015	200.6	4.9	189.1	394.6
Total comprehensive income for the period	-	-	45.7	45.7
Issuance of ordinary shares on exercise				
of employee share options	10.3	(0.8)	-	9.5
Expenses on share options	-	0.5	-	0.5
As at 31 March 2015	211.0	4.6	234.7	450.3
Total comprehensive income for the period	-	-	44.3	44.3
Issuance of ordinary shares on exercise				
of employee share options	5.5	(0.5)	-	5.1
Expenses on share options	-	0.5	-	0.5
Dividends	-	-	(111.4)	(111.4)
As at 30 June 2015	216.5	4.7	167.6	388.9



Company	Attributable to Equity Holders of the Company				
	Share Capital	Share Option Reserve	Treasury Shares	Retained Profits	Total
	S\$'m	S\$'m	S\$'m	S\$'m	S\$'m
As at 1 January 2016	217.1	5.6	-	162.6	385.2
Total comprehensive income for the period	-	-	-	39.8	39.8
Issuance of ordinary shares on exercise of employee share options	0.1	-	-	-	0.1
Expenses on share options	-	0.2	-	-	0.2
Purchase of treasury shares	-	-	(19.3)	-	(19.3)
As at 31 March 2016	217.2	5.8	(19.3)	202.4	406.0
Total comprehensive income for the period	-	-	-	38.7	38.7
Issuance of ordinary shares on exercise of employee share options	(*)	(*)	-	-	(*)
Expenses on share options	-	0.4	-	-	0.4
Treasury shares transferred pursuant to share option plans	-	-	*	-	*
Dividends	-	-	-	(77.2)	(77.2)
As at 30 June 2016	217.2	6.1	(19.3)	163.9	367.9

* Denotes less than S\$0.05 million

Company	Attributable to Equity Holders of the Company				
	Share Capital	Share Option Reserve	Treasury Shares	Retained Profits	Total
	S\$'m	S\$'m	S\$'m	S\$'m	S\$'m
As at 1 January 2015	200.6	4.9	-	176.8	382.3
Total comprehensive income for the period	-	-	-	48.7	48.7
Issuance of ordinary shares on exercise of employee share options	10.3	(0.8)	-	-	9.5
Expenses on share options	-	0.5	-	-	0.5
As at 31 March 2015	210.9	4.6	-	225.5	441.0
Total comprehensive income for the period	-	-	-	47.8	47.8
Issuance of ordinary shares on exercise of employee share options	5.5	(0.5)	-	-	5.1
Expenses on share options	-	0.5	-	-	0.5
Dividends	-	-	-	(111.4)	(111.4)
As at 30 June 2015	216.4	4.7	-	161.9	383.0



1(d) (ii) Changes in Company's share capital

	Share options		Ordinary shares		Treasury shares	
	2Q2016	2Q2015	2Q2016	2Q2015	2Q2016	2Q2015
As at 1 April	38,302,700	32,318,200	929,737,782	934,917,282	7,500,000	-
Exercised during the financial period	(5,000)	(2,025,500)	5,000	2,025,500	-	-
Treasury shares transferred pursuant to share option plans	-	-	-	-	(5,000)	-
As at 30 June	38,297,700	30,292,700	929,742,782	936,942,782	7,495,000	-

1(e) Notes to Financial Statements

(i) Operating Revenue

	Group		Group	
	2Q2016	2Q2015	1H2016	1H2015
	S\$'m	S\$'m	S\$'m	S\$'m
Operating revenue				
Mobile telecommunications services	163.0	166.6	326.4	333.1
International call services	15.3	17.4	30.9	36.0
Fixed services	25.6	20.1	50.0	39.5
Total service revenue	203.9	204.2	407.3	408.6
Handset sales	36.4	72.7	90.6	163.1
Total	240.4	276.8	498.0	571.7

(ii) Operating Expenses

	Group		Group	
	2Q2016	2Q2015	1H2016	1H2015
	S\$'m	S\$'m	S\$'m	S\$'m
Cost of sales	88.0	123.9	192.9	261.6
Staff costs	29.0	29.8	56.4	58.8
Advertising and promotion expenses	4.9	4.4	9.5	12.3
Depreciation and amortisation	31.1	28.6	61.4	55.6
Allowance for doubtful debts	2.0	1.3	4.3	3.8
Facilities expenses	21.1	20.7	42.2	41.5
Leased circuit costs	7.9	8.4	15.7	15.9
Licence fees	1.0	0.6	1.6	1.2
Other general and administrative expenses	6.0	4.2	12.1	10.4
Foreign exchange loss	0.2	0.7	0.4	0.7
Total	191.1	222.5	396.4	461.9



(iii) Taxation

Major components of income tax expense for the periods ended 30 June were:

	Group		Group	
	2Q2016	2Q2015	1H2016	1H2015
	S\$'m	S\$'m	S\$'m	S\$'m
Current tax				
- Current provision	9.7	8.1	16.8	16.8
- Over provision in prior year	(1.8)	(0.4)	(1.8)	(0.4)
Deferred tax				
- Movement in temporary differences	0.6	1.8	2.6	2.7
Income tax expense	8.5	9.5	17.7	19.1

(iv) Trade debtors

	Group		Company	
	30 Jun 2016	31 Dec 2015	30 Jun 2016	31 Dec 2015
	S\$'m	S\$'m	S\$'m	S\$'m
Mobile and fixed services				
- Billed	57.5	56.0	57.5	56.0
- Accrued service revenue	8.7	16.9	8.7	16.9
- Accrued handsets revenue	73.8	91.1	73.8	91.1
Others				
- Billed	15.6	14.5	10.6	10.1
- Accrued	1.2	1.8	1.2	1.8
	156.8	180.3	151.8	175.9
Allowance for doubtful debts	(13.9)	(14.4)	(13.7)	(14.3)
	142.9	165.9	138.1	161.7

(v) Cash and cash equivalents comprise:

	Group		Company	
	30 Jun 2016	31 Dec 2015	30 Jun 2016	31 Dec 2015
	S\$'m	S\$'m	S\$'m	S\$'m
Cash and bank balances	8.2	10.0	7.2	9.2
	8.2	10.0	7.2	9.2



(vi) Aggregate amount of Group's borrowings and debt securities

Amount repayable in one year or less, or on demand

As at 30 June 2016		As at 31 December 2015	
Secured	Unsecured	Secured	Unsecured
Nil	S\$85.0m	Nil	S\$353.8m

Amount repayable after one year

As at 30 June 2016		As at 31 December 2015	
Secured	Unsecured	Secured	Unsecured
Nil	S\$250.0m	Nil	Nil

Details of any collateral

None.

The S\$250 million term loan was refinanced in May 2016 at an effective interest rate of 2.65% per annum and is repayable in full in May 2021.



2(a) NEGATIVE ASSURANCE

We, CHOO CHIAU BENG and KAREN KOOI, being two directors of M1 Limited (the “Company”) do hereby confirm on behalf of the directors of the Company that, to the best of their knowledge, nothing has come to the attention of the board of directors of the Company that may render the Second Quarter and Half Year financial results to be false or misleading.

On behalf of the directors

CHOO CHIAU BENG
Chairman

KAREN KOOI
Director

Singapore
15 July 2016

2(b) AUDIT/ REVIEW

The figures have not been audited or reviewed in accordance with Singapore Standard on Review Engagements (“SSRE”) 2410.

3. BASIS OF PREPARATION

The condensed interim consolidated statement of comprehensive income of the Group and the statements of financial position and statements of changes in equity of the Group and Company have been prepared in accordance with Singapore Financial Reporting Standard (“FRS”) 34, Interim Financial Reporting.

The financial statements have been prepared on a historical cost basis.

4. ACCOUNTING POLICIES

The Group and Company has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current period as compared with the audited financial statements for the year ended 31 December 2015, except for the adoption of new or revised Financial Reporting Standards (“FRS”) and Interpretations to FRS (“INT FRS”) which became effective from this financial year. The adoption of these new or revised FRS and INT FRS does not have any significant impact on the financial statements of the Group and the Company.



5. EARNINGS PER SHARE

Earnings per ordinary share of the Group based on the net profit attributable to shareholders:-

	2Q2016	2Q2015	Change	1H2016	1H2015	Change
(i) Based on weighted average number of shares	4.4 cts	4.7 cts	-6.9%	9.0 cts	9.6 cts	-7.0%
- Weighted average number of shares ('000)	929,742	936,460	-0.7%	932,779	934,868	-0.2%
(ii) On fully diluted basis	4.4 cts	4.7 cts	-6.7%	8.9 cts	9.6 cts	-6.6%
- Adjusted weighted average number of shares ('000)	930,156	938,747	-0.9%	933,132	939,099	-0.6%

6. NET ASSET VALUE

	Group		Company	
	30 Jun 2016	31 Dec 2015	30 Jun 2016	31 Dec 2015
Net asset value per share (cents)	43.1	44.1	39.6	41.1

7. DIVIDEND

(a) Current Financial Period Reported On

Any dividend recommended for the current financial period reported on?

Yes.

Name of Dividend	Interim
Dividend Type	Cash
Dividend Rate	7.0 cents per ordinary share (one-tier tax)
Tax Rate	N.A



(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
Dividend Rate	7.0 cents per ordinary share (one-tier tax)
Tax Rate	N.A

(c) Date Payable

The Company is pleased to announce that an interim dividend of 7.0 cents per ordinary share tax exempt under the One-Tier system for the financial year ending 31 December 2016 will be paid on 4 August 2016 to shareholders registered in the Register of Members of the Company at 5.00pm on 28 July 2016.

(d) Books Closure Date

NOTICE IS HEREBY GIVEN that the Register of Members and the Transfer Books of the Company will be closed from 29 July 2016 to 1 August 2016 (both dates inclusive) for the preparation of dividend warrants.

Duly completed registered transfers received by the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 up to the close of business at 5.00pm on 28 July 2016, will be registered to determine shareholders' entitlement to the interim dividend.

In respect of shares in securities accounts with the Central Depository (Pte) Limited ("CDP"), the said interim dividend will be paid by the Company to CDP which will in turn distribute the interim dividend entitlements to the CDP account holders in accordance with its normal practice.

8. If no dividend have been declared/recommended, a statement to that effect.

Not applicable.



9. SIGNIFICANT RELATED PARTY TRANSACTIONS

The following were significant transactions entered into by the Group and related parties who are not members of the Group at market rates during the quarter:

	2Q2016 S\$'m	2Q2015 S\$'m	1H2016 S\$'m	1H2015 S\$'m
Sales	(6.0)	(1.7)	(7.0)	(7.1)
Purchases	5.6	6.1	10.9	10.1

10. INTERESTED PERSON TRANSACTIONS

Aggregate value of all transactions conducted under a shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual (excluding transactions less than S\$100,000).

	2Q2016 S\$'000	2Q2015 S\$'000	1H2016 S\$'000	1H2015 S\$'000
Transactions for the purchase of goods and services				
Singapore Telecommunications Limited & its associates	1,948	1,447	4,035	3,140
Telekom Malaysia Berhad	3,262	3,605	5,862	5,040
Axiata Group Berhad	152	154	300	271
Keppel Logistics Pte Ltd	404	268	672	536
CapitaMall Trust	329	334	654	683
Starhub Ltd & its associates	1,772	892	3,690	1,774
Temasek Holdings (Private) Limited & its associates	1,104	3,919	2,108	4,432
Transactions for the sale of goods and services				
Singapore Telecommunications Limited & its associates	364	406	667	675
Telekom Malaysia Berhad	5,419	579	5,789	5,037
Axiata Group Berhad	61	41	88	111
Starhub Ltd & its associates	215	215	215	429
Total Interested Person Transactions	15,030	11,860	24,080	22,128

11. REVIEW OF PERFORMANCE OF THE GROUP

Please refer to the Management Discussion and Analysis of the Group for the half-year financial results ended 30 June 2016.



12. AUDITORS' REPORT

Not applicable.

13. REVIEW OF PERFORMANCE

	Group			Group			Group		Change (2Q2016 vs 1Q2016)
	2Q2016	2Q2015	YoY	1H2016	1H2015	YoY	1Q2016		
	S\$'m	S\$'m	Change	S\$'m	S\$'m	Change	S\$'m		
Revenues									
Operating revenue									
Mobile telecommunications services	163.0	166.6	-2.2%	326.4	333.1	-2.0%	163.4	-0.2%	
International call services	15.3	17.4	-11.7%	30.9	36.0	-14.0%	15.6	-1.7%	
Fixed services	25.6	20.1	26.9%	50.0	39.5	26.7%	24.5	4.5%	
Total service revenue	203.9	204.2	-0.1%	407.3	408.6	-0.3%	203.4	0.2%	
Handset sales	36.4	72.7	-49.9%	90.6	163.1	-44.4%	54.2	-32.8%	
Total	240.4	276.8	-13.2%	498.0	571.7	-12.9%	257.6	-6.7%	
Key Drivers									
Number of customers ('000)									
Postpaid	1,222	1,169	4.5%	1,222	1,169	4.5%	1,208	1.2%	
Prepaid	758	714	6.1%	758	714	6.1%	734	3.3%	
Total Mobile	1,979	1,883	5.1%	1,979	1,883	5.1%	1,941	2.0%	
Fibre	145	114	27.6%	145	114	27.6%	136	6.4%	
Total	2,124	1,997	6.4%	2,124	1,997	6.4%	2,078	2.2%	
Mobile market share ^									
Postpaid	24.6%	24.5%	-	24.6%	24.5%	-	24.6%	-	
Prepaid	21.8%	21.2%	-	21.8%	21.2%	-	21.8%	-	
Overall	23.5%	23.2%	-	23.5%	23.2%	-	23.5%	-	
Mobile penetration rate ^	149.1%	146.8%	-	149.1%	146.8%	-	148.7%	-	
Monthly minutes of use per active customer (per month)									
Postpaid	215	246	-12.7%	215	246	-12.8%	214	0.4%	
Prepaid	201	302	-33.5%	212	311	-31.7%	224	-10.3%	
Average monthly churn rate	0.9%	1.0%	-	1.0%	1.0%	-	1.0%	-	
Acquisition cost per postpaid customer	S\$329	S\$342	-3.8%	S\$325	S\$367	-11.4%	S\$321	2.5%	

^ Based on latest published statistics.



13.1 Operating Revenue

YoY, operating revenue at \$240.4m for 2Q2016 and \$498.0m for 1H2016 were 13.2% and 12.9% lower respectively due to lower handset sales. Compared to 1Q2016, it was 6.7% lower.

13.1.1 Key Drivers

As at 30 June 2016, our customer base stood at 2,124,000, 6.4% higher than last year. Compared to 1Q2016, it was 2.2% higher. Market share was 23.5% at end April 2016.

Churn rate was 0.9% for 2Q2016 and 1.0% for 1H2016.

YoY, postpaid customer acquisition cost decreased 3.8% to \$329 for 2Q2016 and 11.4% to \$325 for 1H2016. Compared to 1Q2016, it was 2.5% higher.

13.1.2 Mobile Telecommunications Services

	<u>Group</u>		YoY Change	<u>Group</u>		YoY Change	<u>Group</u> Change	
	2Q2016 S\$'m	2Q2015 S\$'m		1H2016 S\$'m	1H2015 S\$'m		1Q2016 S\$'m	(2Q2016 vs 1Q2016)
Telecommunications revenue								
Postpaid	145.0	147.4	-1.6%	289.7	294.7	-1.7%	144.7	0.2%
Prepaid	18.0	19.3	-6.8%	36.6	38.4	-4.5%	18.7	-3.7%
Total	163.0	166.6	-2.2%	326.4	333.1	-2.0%	163.4	-0.2%
ARPU (per month)								
Postpaid (gross)	S\$59.9	S\$62.1	-3.5%	S\$59.2	S\$62.0	-4.5%	S\$58.6	2.2%
Postpaid (net)	S\$51.6	S\$54.5	-5.3%	S\$51.6	S\$54.7	-5.7%	S\$51.7	-0.2%
Data plan	S\$14.8	S\$17.3	-14.5%	S\$15.3	S\$17.4	-12.1%	S\$15.8	-6.3%
Prepaid	S\$12.3	S\$14.9	-17.4%	S\$12.8	S\$15.0	-14.7%	S\$13.2	-6.8%
Fibre Broadband	S\$45.1	S\$46.3	-2.6%	S\$46.0	S\$45.8	0.4%	S\$46.9	-3.8%
Mobile data contribution as a % of service revenue	54.0%	44.9%		53.6%	43.1%		53.1%	

YoY, mobile telecommunications revenue decreased 2.2% to \$163.0m for 2Q2016 and 2.0% to \$326.4m for 1H2016 mainly due to lower postpaid revenue. Against 1Q2016, it was 0.2% lower.

Postpaid revenue decreased 1.6% YoY to \$145.0m for 2Q2016 and 1.7% to \$289.7m for 1H2016. Compared to 1Q2016, it was 0.2% higher.

Prepaid revenue at \$18.0m for 2Q2016 and \$36.6m for 1H2016 was 6.8% and 4.5% lower YoY respectively. Against 1Q2016, it was 3.7% lower.



Overall, data revenue continued to grow. Data usage has shifted from data only plans to smartphone plans. Average postpaid smartphone data usage increased to 3.3GB per month this quarter from 3.2GB per month a year ago. Accordingly, mobile data contribution increased YoY by 9.1% points to 54.0% for 2Q2016 and 10.5% point to 53.6% for 1H2016 respectively. Against 1Q2016, it was 0.9% points higher.

Data plan ARPU for 2Q2016 was diluted by the bundling with fixed services.

13.1.3 International call services

	<u>Group</u>			<u>Group</u>			<u>Group</u> Change	
	2Q2016	2Q2015	YoY	1H2016	1H2015	YoY	1Q2016	(2Q2016 vs 1Q2016)
	S\$'m	S\$'m	Change	S\$'m	S\$'m	Change	S\$'m	
International call services								
Retail revenue	10.7	13.8	-22.5%	21.8	28.6	-23.6%	11.2	-4.3%
Wholesale and bilateral revenue	4.7	3.6	29.5%	9.1	7.4	23.1%	4.4	5.0%
Total	15.3	17.4	-11.7%	30.9	36.0	-14.0%	15.6	-1.7%
Total international retail minutes (in millions)	162	206	-21.2%	334	426	-21.6%	172	-5.4%

YoY, international call revenue decreased 11.7% to \$15.3m for 2Q2016 and 14.0% to \$30.9m for 1H2016 respectively due to lower retail traffic. Compared to 1Q2016, it was 1.7% lower.

13.1.4 Fixed services

Fixed services grew 26.9% and 26.7% YoY to \$25.6m for 2Q2016 and \$50.0m for 1H2016 respectively due to higher fibre customer base. Against 1Q2016, 2Q2016 grew 4.5%.

13.1.5 Handset sales

Handset sales decreased 49.9% YoY to \$36.4m for 2Q2016 and 44.4% YoY to \$90.6m for 1H2016 respectively due to lower sales volume and selling price. Against 1Q2016, it was 32.8% lower.



13.2 Operating Expenses

	Group			Group			Group		Change (2Q2016 vs 1Q2016)
	2Q2016	2Q2015	YoY	1H2016	1H2015	YoY	1Q2016		
	S\$'m	S\$'m	Change	S\$'m	S\$'m	Change	S\$'m		
Cost of sales	88.0	123.9	-29.0%	192.9	261.6	-26.3%	104.9	-16.1%	
Staff costs	29.0	29.8	-2.6%	56.4	58.8	-4.1%	27.4	6.0%	
Advertising and promotion expenses	4.9	4.4	10.7%	9.5	12.3	-22.8%	4.6	6.0%	
Depreciation & amortisation	31.1	28.6	8.7%	61.4	55.6	10.6%	30.3	2.5%	
Allowance for doubtful debts	2.0	1.3	58.9%	4.3	3.8	11.7%	2.3	-12.1%	
Facilities expenses	21.1	20.7	2.0%	42.2	41.5	1.7%	21.1	-0.3%	
Leased circuit costs	7.9	8.4	-6.0%	15.7	15.9	-1.7%	7.8	1.5%	
Licence fees	1.0	0.6	63.4%	1.6	1.2	32.3%	0.6	61.0%	
Other general & administrative	6.0	4.2	40.6%	12.1	10.4	15.9%	6.1	-2.3%	
Foreign exchange loss	0.2	0.7	-65.5%	0.4	0.7	-43.0%	0.2	37.4%	
Total	191.1	222.5	-14.1%	396.4	461.9	-14.2%	205.3	-6.9%	

YoY, operating expenses decreased 14.1% to \$191.1m for 2Q2016 and 14.2% to \$396.4m for 1H2016 mainly due to lower cost of sales. Against 1Q2016, operating expenses was 6.9% lower.

13.2.1 Cost of sales

	Group			Group			Group		Change (2Q2016 vs 1Q2016)
	2Q2016	2Q2015	YoY	1H2016	1H2015	YoY	1Q2016		
	S\$'m	S\$'m	Change	S\$'m	S\$'m	Change	S\$'m		
Handset costs	59.9	96.3	-37.8%	136.3	205.9	-33.8%	76.4	-21.6%	
Traffic expenses	9.3	9.3	-0.1%	19.1	19.4	-1.4%	9.8	-5.3%	
Wholesale costs of fixed services	11.5	9.2	24.7%	22.7	17.8	27.7%	11.2	3.1%	
Other costs	7.3	9.0	-19.2%	14.8	18.6	-20.4%	7.5	-2.8%	
Total	88.0	123.9	-29.0%	192.9	261.6	-26.3%	104.9	-16.1%	

Cost of sales decreased 29.0% and 26.3% YoY to \$88.0m for 2Q2016 and \$192.9m for 1H2016 respectively mainly due to lower handset costs. Handset costs for 2Q2016 and 1H2016 were lower YoY due to lower sales volume and unit cost. Traffic expenses at \$9.3m for 2Q2016 and \$19.1m for 1H2016 were 0.1% and 1.4% lower YoY. Compared to 1Q2016, cost of sales decreased 16.1% mainly due to lower handset costs. Wholesale costs of fixed services increased 24.7% YoY to \$11.5m for 2Q2016 and 27.7% to \$22.7m for 1H2016 due to higher customer base.



13.2.2 Staff costs

YoY, staff costs decreased 2.6% to \$29.0m for 2Q2016 and 4.1% to \$56.4m for 1H2016 due to lower variable performance-based incentive. Against 1Q2016, it was 6.0% higher due to wage credit received in 1Q2016.

13.2.3 Advertising and promotion expenses

For the quarter, advertising & promotion expenses increased 10.7% YoY and 6.0% QoQ to \$4.9m due to higher marketing activities. For 1H2016, it was 22.8% lower.

13.2.4 Depreciation and amortisation

Depreciation and amortisation expenses at \$31.1m for 2Q2016 and \$61.4m for 1H2016 were 8.7% and 10.6% higher YoY respectively due to higher fixed asset base. Against 1Q2016, it was 2.5% higher.

13.2.5 Allowance for bad and doubtful debt

For 2Q2016 and 1H2016, doubtful debt allowance increased 58.9% and 11.7% YoY to \$2.0m and \$4.3m respectively. Against 1Q2016, it was 12.1% lower.

13.2.6 Facilities expenses

Facilities expenses at \$21.1m for 2Q2016 and \$42.2m for 1H2016 were relatively stable. Against 1Q2016, it was stable.

13.2.7 Leased circuit costs

Leased circuit costs decreased 6.0% YoY to \$7.9m for 2Q2016 and 1.7% YoY to \$15.7m for 1H2016. Against 1Q2016, it was 1.5% higher.

13.2.8 Other general and administrative expenses

YoY, other general and administrative expenses increased 40.6% to \$6.0m for 2Q2016 and 15.9% for 1H2016 to \$12.1m due to non recurring credit adjustments in 2Q2015. Against 1Q2016, it was stable.

13.3 Finance Costs

Compared to last year, finance costs increased 31.3% to \$1.6m for 2Q2016 and 25.1% to \$2.8m for 1H2016 due to higher borrowings and interest rate.

13.4 Taxation

YoY, provision for taxation decreased 10.1% to \$8.5m for 2Q2016 and 7.6% to \$17.7m for 1H2016.



13.5 Net Profit

	<u>Group</u>			<u>Group</u>			<u>Group</u> Change	
	2Q2016	2Q2015	YoY	1H2016	1H2015	YoY	1Q2016	(2Q2016 vs 1Q2016)
	S\$'m	S\$'m	Change	S\$'m	S\$'m	Change	S\$'m	
Net profit	41.0	44.3	-7.5%	83.5	90.0	-7.2%	42.5	-3.6%
Net profit margin (on service revenue)	20.1%	21.7%		20.5%	22.0%		20.9%	

YoY, net profit at \$41.0m for 2Q2016 and \$83.5m for 1H2016 were 7.5% and 7.2% lower respectively. Compared to the previous quarter, it was 3.6% lower.

Compared to the corresponding periods last year, net profit margin was lower at 20.1% for 2Q2016 and 20.5% for 1H2016. Against 1Q2016, it was 0.8% point lower.

13.6 EBITDA

	<u>Group</u>			<u>Group</u>			<u>Group</u> Change	
	2Q2016	2Q2015	YoY	1H2016	1H2015	YoY	1Q2016	(2Q2016 vs 1Q2016)
	S\$'m	S\$'m	Change	S\$'m	S\$'m	Change	S\$'m	
EBITDA	82.2	83.6	-1.7%	165.4	166.9	-0.9%	83.3	-1.3%
EBITDA margin (on service revenue)	40.3%	41.0%		40.6%	40.9%		40.9%	

YoY, EBITDA at \$82.2m for 2Q2016 and \$165.4m for 1H2016 were 1.7% and 0.9% lower respectively. Compared to 1Q2016, it was 1.3% higher.

EBITDA margin, as a percentage of service revenue, was 40.3% for 2Q2016 and 40.6% for 1H2016.

13.7 Capital Expenditure and Commitments

Capital expenditure incurred for 1H2016 was \$72.4m as compared to \$65.1m for 1H2015.

Capital commitment as at 30 June 2016 was \$72.8m and included \$64.0m commitment for the 4G spectrum rights.



13.8 Liquidity and Capital Resources

	Group			Group			Group		Change (2Q2016 vs 1Q2016)
	2Q2016	2Q2015	YoY	1H2016	1H2015	YoY	1Q2016		
	S\$'m	S\$'m	Change	S\$'m	S\$'m	Change	S\$'m		
Profit before tax	49.5	53.8	-8.0%	101.2	109.1	-7.3%	51.7	-4.1%	
Non-cash item and net interest expense adjustments	13.4	8.6	55.3%	44.9	36.5	22.9%	31.5	-57.5%	
Net change in working capital	21.9	8.7	153.0%	40.8	(15.9)	@	18.8	16.3%	
Net cash provided by operating activities	84.8	71.1	19.3%	186.8	129.7	44.0%	102.0	-16.8%	
Net cash used in investing activities	(34.5)	(40.0)	13.7%	(73.4)	(65.0)	-12.9%	(38.9)	11.2%	
Net cash used in financing activities	(53.7)	(16.0)	-236.4%	(115.2)	(54.6)	-111.0%	(61.5)	12.8%	
Net change in cash and cash equivalents	(3.3)	15.2	-122.1%	(1.8)	10.2	-117.3%	1.6	@	
Cash and cash equivalents at beginning of financial period	11.6	17.8	-35.1%	10.0	22.8	-56.2%	10.0	15.9%	
Cash and cash equivalents at end of financial period	8.2	33.0	-75.1%	8.2	33.0	-75.1%	11.6	-29.0%	
Free Cash flow ⁽¹⁾	50.3	31.1	61.8%	114.4	64.7	76.9%	64.1	-21.5%	

@ Denotes more than +/-300%

⁽¹⁾ Free Cash flow refers to Net cash provided by operating activities less current year capital expenditure and payment for spectrum rights.

YoY, operating cash flow increased from \$71.1m to \$84.8m for 2Q2016 and from \$129.7m to \$186.6m for 1H2016 due to working capital changes. Against 1Q2016, it was 16.8% lower.

Free cash flow improved by 61.8% YoY to \$50.3m for 2Q2016 and 76.9% YoY to \$114.4m for 1H2016.

13.9 Gearing and Interest Cover

As at end June 2016, gearing ratio was stable at 0.8 times compared end December 2015. Interest coverage ratio (EBITDA/Interest) was 62.0 times for 2Q2016 compared to 70.3 times for 2Q2015.



13.10 Balance Sheet

Total non-current assets increased 1.5% from \$825.5m as at 31 December 2015 to \$837.5m as at 30 June 2016 mainly due to higher fixed assets.

Total current assets decreased 23.5% from \$260.5m as at 31 December 2015 to \$199.3m as at 30 June 2016, mainly due to lower inventories and trade debtors balances.

Total current liabilities as at 30 June 2016 was \$272.4m, 51.5% lower than \$561.8m for 31 December 2015 as a result of the reclassification of \$250m term loan from short term to long term borrowing. The term loan has been renewed for another 5 years maturing 23 May 2021.

Against 31 December 2015, total equity as at 30 June 2016 was 3.0% lower at \$400.9m.

14. VARIANCE FROM PROSPECT STATEMENT

For the 6 months ended 30 June 2016, net profit after tax decreased 7.2% year on year to \$83.5m largely due to higher depreciation and amortisation as a result of higher fixed asset base in respect of 4G network and new services.

15. OUTLOOK

The increasing adoption of OTT services has impacted traditional telecommunications revenue. This has also led to increasing demand for data. We continue to enhance our service propositions, with investments in new technologies and capabilities to build a portfolio of digital solutions to capture emerging growth opportunities. Meaningful revenue from these investments will be upon achieving scale in service adoption over future years.

In view of the above and barring unforeseen circumstances, we estimate single-digit decline in net profit after tax for the year 2016.

16. 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 in the format set out in Appendix 7.7 under Rule 720(1) of the Listing Manual.

BY ORDER OF THE BOARD

FOO SIANG LARNG
Company Secretary
15 July 2016