



## **Second Quarter and Half Year 2015 Financial Statement Announcement**

<b>TABLE OF CONTENTS</b>	<b>Page No:</b>
1(a) Consolidated Statement of Comprehensive Income	1
1(b) Statements of Financial Position	2
1(c) Consolidated Cash Flow Statement	3
1(d) Statements of Changes In Equity	4
1(e) Notes to Financial Statements	6
2(a) Negative Assurance	9
2(b) Audit / Review	9
3 Basis of Preparation	9
4 Accounting Policies	9
5 Earnings Per Share	10
6 Net Asset Value	10
7,8 Dividend	10
9 Significant Related Party Transactions	12
10 Interested Person Transactions	12
11 Review of Performance of the Group	12
12 Auditors' Report	13
13 Review of Performance	13
14 Variance From Prospect Statement	20
15 Outlook	20

**Notes:**

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



## 1(a) Consolidated Statement of Comprehensive Income for:

	Note	2Q2015 S\$m	2Q2014 S\$m	Change	1H2015 S\$m	1H2014 S\$m	Change
Operating revenue	(i)	276.8	239.7	15.5%	571.7	479.8	19.1%
Operating expenses	(ii)	(222.5)	(184.5)	20.6%	(461.9)	(370.9)	24.5%
Other revenue		0.7	0.1	@	1.6	0.7	136.0%
Finance costs		(1.2)	(1.0)	16.8%	(2.3)	(2.0)	12.8%
Profit before tax		53.8	54.2	-0.7%	109.1	107.5	1.5%
Taxation	(iii)	(9.5)	(10.3)	-8.1%	(19.1)	(20.8)	-8.1%
Net profit		44.3	43.9	1.0%	90.0	86.7	3.8%
Other comprehensive income		-	-	-	-	-	-
Total comprehensive income for the period		44.3	43.9	1.0%	90.0	86.7	3.8%
Earnings per share (cents)							
Basic		4.7	4.7	0.2%	9.6	9.4	2.9%
Diluted		4.7	4.7	0.5%	9.6	9.3	3.0%
EBITDA (S\$m)		83.6	83.2	0.5%	166.9	164.7	1.4%

@ Denotes more than +/-300%

## The net profit included the following:

	2Q2015 S\$m	2Q2014 S\$m	1H2015 S\$m	1H2014 S\$m
Other revenue including interest income	(0.7)	(0.1)	(1.6)	(0.7)
Interest on borrowings	1.2	1.0	2.3	2.0
Depreciation and amortisation	28.6	28.0	55.6	55.2
Allowance for doubtful debts and bad debts written off	1.3	2.7	3.8	5.3
Foreign exchange loss, net	0.7	0.1	0.7	0.1
Gain on disposal of fixed assets	(*)	(*)	(0.1)	(0.3)

\* Denotes less than S\$0.05 million



## 1(b) Statements of Financial Position as at:

	Note	Group		Company	
		30 Jun 2015	31 Dec 2014	30 Jun 2015	31 Dec 2014
		S\$'m	S\$'m	S\$'m	S\$'m
<b>Non-current assets:</b>					
Fixed assets		701.2	685.9	686.8	675.0
Licences and spectrum rights		96.2	102.1	96.2	102.1
Other intangibles		13.9	13.9	0.1	0.1
Staff loans		0.1	0.1	0.1	0.1
Interest in subsidiaries		-	-	7.1	7.1
Due from a subsidiary		-	-	16.9	16.9
		<u>811.4</u>	<u>801.9</u>	<u>807.2</u>	<u>801.4</u>
<b>Current assets:</b>					
Inventories		31.3	30.3	0.1	0.1
Trade debtors	(iv)	156.4	149.7	153.2	146.6
Other debtors		13.6	13.9	9.4	9.8
Prepayments		7.5	8.7	7.2	8.4
Due from related companies		0.2	0.5	4.9	4.4
Cash and cash equivalents	(v)	33.0	22.8	32.7	22.4
		<u>241.9</u>	<u>225.9</u>	<u>207.4</u>	<u>191.7</u>
<b>Current liabilities:</b>					
Creditors and accruals		(150.6)	(157.3)	(118.1)	(112.9)
Unearned revenue		(22.9)	(26.4)	(20.9)	(24.6)
Due to related companies		(0.3)	(0.1)	(0.4)	(24.3)
Borrowings	(vi)	(344.2)	(52.0)	(344.2)	(52.0)
Taxation		(35.0)	(38.7)	(36.5)	(38.2)
		<u>(553.0)</u>	<u>(274.5)</u>	<u>(520.2)</u>	<u>(252.0)</u>
<b>Net current liabilities</b>		<b>(311.0)</b>	<b>(48.6)</b>	<b>(312.8)</b>	<b>(60.3)</b>
<b>Non-current liabilities:</b>					
Borrowings	(vi)	-	(250.0)	-	(250.0)
Deferred tax liabilities		(111.5)	(108.7)	(111.5)	(108.7)
<b>Net assets</b>		<b><u>388.9</u></b>	<b><u>394.6</u></b>	<b><u>383.0</u></b>	<b><u>382.3</u></b>
Represented by:					
Share capital		216.5	200.6	216.4	200.6
Share option reserve		4.7	4.9	4.7	4.9
Retained profits		167.6	189.1	161.9	176.8
<b>Total shareholders' equity</b>		<b><u>388.9</u></b>	<b><u>394.6</u></b>	<b><u>383.0</u></b>	<b><u>382.3</u></b>



### 1(c) Consolidated Cash Flow Statement for:

	2Q2015	2Q2014	1H2015	1H2014
	S\$m	S\$m	S\$m	S\$m
Cash flows from operating activities:				
Profit before tax	53.8	54.2	109.1	107.5
Adjustments for:				
Share option expenses	0.5	0.4	1.1	1.0
Depreciation of fixed assets	25.7	25.1	49.7	49.2
Gain on disposal of fixed assets	(*)	(*)	(0.1)	(0.3)
Amortisation	2.9	3.0	5.9	5.9
Interest income	(*)	(*)	(*)	(0.1)
Interest on borrowings	1.2	1.0	2.3	2.0
Operating cash flows before working capital changes	84.1	83.5	167.9	165.3
Changes in:				
Inventories	3.3	(2.4)	(0.9)	8.6
Trade debtors	1.9	10.2	(6.7)	16.5
Other debtors	0.7	(1.2)	0.3	(0.9)
Prepayments	1.0	1.4	1.2	0.6
Non-current staff loans	*	(*)	*	(*)
Creditors and accruals	4.4	(19.1)	(6.7)	(43.7)
Unearned revenue	(3.1)	0.8	(3.5)	0.5
Related companies	0.4	(0.5)	0.5	(0.4)
Changes in working capital	8.7	(10.8)	(15.9)	(19.0)
Interest received	*	*	*	0.1
Interest paid	(2.1)	(2.0)	(2.3)	(2.0)
Payment of tax	(19.5)	(15.6)	(20.1)	(15.2)
Net cash flows from operating activities	71.1	55.2	129.7	129.2
Cash flows from investing activities:				
Purchase of fixed assets	(40.0)	(28.2)	(65.1)	(60.9)
Proceeds from disposal of fixed assets	*	0.1	0.1	0.4
Net cash flows used in investing activities	(40.0)	(28.1)	(65.0)	(60.5)
Cash flows from financing activities:				
Proceeds from loans	102.2	24.0	108.5	24.0
Repayment of term loans	(11.8)	(13.2)	(66.3)	(13.2)
Proceeds from issuance of ordinary shares on exercise of employee share options	5.1	6.5	14.6	14.2
Dividends paid to shareholders	(111.4)	(131.8)	(111.4)	(131.8)
Net cash flows used in financing activities	(16.0)	(114.5)	(54.6)	(106.8)
Net changes in cash and cash equivalents	15.2	(87.5)	10.2	(38.0)
Cash and cash equivalents at beginning of financial period	17.8	103.9	22.8	54.5
Cash and cash equivalents at end of financial period	33.0	16.4	33.0	16.4

\* 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	Retained Profits S\$m	Total S\$m
<b>As at 1 January 2015</b>	<b>200.6</b>	<b>4.9</b>	<b>189.1</b>	<b>394.6</b>
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
<b>As at 31 March 2015</b>	<b>211.0</b>	<b>4.6</b>	<b>234.7</b>	<b>450.3</b>
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)
<b>As at 30 June 2015</b>	<b>216.5</b>	<b>4.7</b>	<b>167.6</b>	<b>388.9</b>

Group	Attributable to Equity Holders of the Company			
	Share Capital S\$m	Share Option Reserve S\$m	Retained Profits S\$m	Total S\$m
<b>As at 1 January 2014</b>	<b>179.8</b>	<b>5.0</b>	<b>210.2</b>	<b>395.1</b>
Total comprehensive income for the period	-	-	42.8	42.8
Issuance of ordinary shares on exercise				
of employee share options	8.6	(0.8)	-	7.7
Expenses on share options	-	0.6	-	0.6
<b>As at 31 March 2014</b>	<b>188.4</b>	<b>4.8</b>	<b>253.1</b>	<b>446.3</b>
Total comprehensive income for the period	-	-	43.9	43.9
Issuance of ordinary shares on exercise				
of employee share options	7.1	(0.7)	-	6.5
Expenses on share options	-	0.4	-	0.4
Dividends	-	-	(131.8)	(131.8)
<b>As at 30 June 2014</b>	<b>195.5</b>	<b>4.5</b>	<b>165.2</b>	<b>365.2</b>



**Company**

	<b>Attributable to Equity Holders of the Company</b>			
	<b>Share Capital</b>	<b>Share Option Reserve</b>	<b>Retained Profits</b>	<b>Total</b>
	<b>S\$'m</b>	<b>S\$'m</b>	<b>S\$'m</b>	<b>S\$'m</b>
<b>As at 1 January 2015</b>	<b>200.6</b>	<b>4.9</b>	<b>176.8</b>	<b>382.3</b>
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
<b>As at 31 March 2015</b>	<b>210.9</b>	<b>4.6</b>	<b>225.5</b>	<b>441.0</b>
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)
<b>As at 30 June 2015</b>	<b>216.4</b>	<b>4.7</b>	<b>161.9</b>	<b>383.0</b>

**Company**

	<b>Attributable to Equity Holders of the Company</b>			
	<b>Share Capital</b>	<b>Share Option Reserve</b>	<b>Retained Profits</b>	<b>Total</b>
	<b>S\$'m</b>	<b>S\$'m</b>	<b>S\$'m</b>	<b>S\$'m</b>
<b>As at 1 January 2014</b>	<b>179.8</b>	<b>5.0</b>	<b>196.4</b>	<b>381.2</b>
Total comprehensive income for the period	-	-	44.5	44.5
Issuance of ordinary shares on exercise of employee share options	8.6	(0.8)	-	7.7
Expenses on share options	-	0.6	-	0.6
<b>As at 31 March 2014</b>	<b>188.4</b>	<b>4.8</b>	<b>240.8</b>	<b>434.1</b>
Total comprehensive income for the period	-	-	45.0	45.0
Issuance of ordinary shares on exercise of employee share options	7.1	(0.7)	-	6.5
Expenses on share options	-	0.4	-	0.4
Dividends	-	-	(131.8)	(131.8)
<b>As at 30 June 2014</b>	<b>195.5</b>	<b>4.5</b>	<b>154.0</b>	<b>354.1</b>



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

	Share options		Ordinary shares	
	2Q2015	2Q2014	2Q2015	2Q2014
As at 1 April	32,318,200	32,901,200	934,917,282	926,754,282
Exercised during the financial period	(2,025,500)	(2,724,500)	2,025,500	2,724,500
Cancelled during the financial period	-	(940,000)	-	-
<b>As at 30 June</b>	<b>30,292,700</b>	<b>29,236,700</b>	<b>936,942,782</b>	<b>929,478,782</b>

## 1(e) Notes to Financial Statements

### (i) Operating Revenue

	Group		Group	
	2Q2015	2Q2014	1H2015	1H2014
	S\$m	S\$m	S\$m	S\$m
<b>Operating revenue</b>				
Mobile telecommunications services	166.6	167.9	333.1	331.6
International call services	17.4	23.7	36.0	47.8
Fixed services	20.1	17.4	39.5	33.5
<b>Total service revenue</b>	<b>204.2</b>	<b>209.0</b>	<b>408.6</b>	<b>412.9</b>
<b>Handset sales</b>	<b>72.7</b>	<b>30.7</b>	<b>163.1</b>	<b>66.9</b>
<b>Total</b>	<b>276.8</b>	<b>239.7</b>	<b>571.7</b>	<b>479.8</b>

### (ii) Operating Expenses

	Group		Group	
	2Q2015	2Q2014	1H2015	1H2014
	S\$m	S\$m	S\$m	S\$m
Cost of sales	123.9	86.2	261.6	175.6
Staff costs	29.8	27.8	58.8	55.4
Advertising and promotion expenses	4.4	5.3	12.3	10.8
Depreciation and amortisation	28.6	28.0	55.6	55.2
Allowance for doubtful debts	1.3	2.7	3.8	5.3
Facilities expenses	20.7	19.3	41.5	38.4
Leased circuit costs	8.4	7.8	15.9	15.3
Licence fees	0.6	0.6	1.2	1.1
Other general and administrative expenses	4.2	6.8	10.4	13.9
Foreign exchange loss	0.7	0.1	0.7	0.1
<b>Total</b>	<b>222.5</b>	<b>184.5</b>	<b>461.9</b>	<b>370.9</b>



### (iii) Taxation

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

	Group		Group	
	2Q2015	2Q2014	1H2015	1H2014
	S\$m	S\$m	S\$m	S\$m
Current tax				
- Current provision	8.1	9.3	16.8	17.3
- (Over)/under provision in prior year	(0.4)	0.4	(0.4)	0.4
Deferred tax				
- Under provision in prior year	-	-	-	0.4
- Movement in temporary differences	1.8	0.6	2.7	2.6
<b>Income tax expense</b>	<b>9.5</b>	<b>10.3</b>	<b>19.1</b>	<b>20.8</b>

### (iv) Trade debtors

	Group		Company	
	30 Jun 2015	31 Dec 2014	30 Jun 2015	31 Dec 2014
	S\$m	S\$m	S\$m	S\$m
Mobile and fixed services				
- Billed	57.4	55.3	57.4	55.3
- Accrued service revenue	15.2	14.5	15.2	14.5
- Accrued handsets revenue	84.6	80.8	84.6	80.8
Others				
- Billed	11.6	12.0	8.4	8.9
- Accrued	1.9	2.1	1.9	2.1
	<b>170.7</b>	<b>164.6</b>	<b>167.4</b>	<b>161.5</b>
Allowance for doubtful debts	<b>(14.3)</b>	<b>(14.9)</b>	<b>(14.2)</b>	<b>(14.9)</b>
	<b>156.4</b>	<b>149.7</b>	<b>153.2</b>	<b>146.6</b>

### (v) Cash and cash equivalents comprise:

	Group		Company	
	30 Jun 2015	31 Dec 2014	30 Jun 2015	31 Dec 2014
	S\$m	S\$m	S\$m	S\$m
Cash and bank balances	33.0	22.8	32.7	22.4
	<b>33.0</b>	<b>22.8</b>	<b>32.7</b>	<b>22.4</b>





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

**Amount repayable in one year or less, or on demand**

<b>As at 30 June 2015</b>		<b>As at 31 December 2014</b>	
Secured	Unsecured	Secured	Unsecured
Nil	S\$344.2m	Nil	S\$52.0m

**Amount repayable after one year**

<b>As at 30 June 2015</b>		<b>As at 31 December 2014</b>	
Secured	Unsecured	Secured	Unsecured
Nil	Nil	Nil	S\$250.0m

**Details of any collateral**

None.

The S\$250 million term loan was refinanced in May 2013 at an effective interest rate of 1.59% per annum and is repayable in full in May 2016.



## **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  
20 July 2015

## **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 2014, 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

	2Q2015	2Q2014	Change	1H2015	1H2014	Change
Earnings per ordinary share of the Group based on the net profit attributable to shareholders:-						
(i) Based on weighted average number of shares	4.7 cts	4.7 cts	0.2%	9.6 cts	9.4 cts	2.9%
- Weighted average number of shares ('000)	936,460	928,498	0.9%	934,868	926,751	0.9%
(ii) On fully diluted basis	4.7 cts	4.7 cts	0.5%	9.6 cts	9.3 cts	3.0%
- Adjusted weighted average number of shares ('000)	938,747	933,901	0.5%	939,099	932,445	0.7%

## 6. NET ASSET VALUE

	Group		Company	
	30 Jun 2015	31 Dec 2014	30 Jun 2015	31 Dec 2014
Net asset value per share (cents)	41.5	42.4	40.9	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 2015 will be paid on 18 August 2015 to shareholders registered in the Register of Members of the Company at 5.00pm on 4 August 2015.

### **(d) Books Closure Date**

NOTICE IS HEREBY GIVEN that the Register of Members and the Transfer Books of the Company will be closed from 5 August 2015 to 6 August 2015 (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 4 August 2015, 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:

	2Q2015 S\$'m	2Q2014 S\$'m	1H2015 S\$'m	1H2014 S\$'m
Sales	(1.7)	(6.2)	(7.1)	(7.2)
Purchases	6.1	5.6	10.1	10.7

## 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).

	2Q2015 S\$'000	2Q2014 S\$'000	1H2015 S\$'000	1H2014 S\$'000
<b>Transactions for the purchase of goods and services</b>				
Singapore Telecommunications Limited & its associates	1,144	1,033	2,460	1,787
Telekom Malaysia Berhad	3,605	3,195	5,040	5,319
Axiata Group Berhad	154	163	271	270
Keppel Logistics Pte Ltd	268	243	536	486
Keppel FMO Pte Ltd	-	260	-	520
CapitaMall Trust	334	321	683	639
Starhub Ltd	34	104	73	243
Temasek Holdings (Private) Limited & its associates	5,078	1,452	6,814	3,658
<b>Transactions for the sale of goods and services</b>				
Singapore Telecommunications Limited & its associates	215	-	429	-
Telekom Malaysia Berhad	579	5,193	5,037	5,193
Axiata Group Berhad	41	34	111	105
Starhub Ltd	215	-	429	-
Temasek Holdings (Private) Limited & its associates	191	62	246	155
<b>Total Interested Person Transactions</b>	<b>11,858</b>	<b>12,060</b>	<b>22,129</b>	<b>18,375</b>

## 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 2015.



## 12. AUDITORS' REPORT

Not applicable.

## 13. REVIEW OF PERFORMANCE

	Group			Group			Group		Change (2Q2015 vs 1Q2015)
	2Q2015	2Q2014	YoY	1H2015	1H2014	YoY	1Q2015		
	S\$m	S\$m	Change	S\$m	S\$m	Change	S\$m		
<b>Revenues</b>									
<b>Operating revenue</b>									
Mobile telecommunications	166.6	167.9	-0.7%	333.1	331.6	0.4%	166.5	0.1%	
International call services	17.4	23.7	-26.7%	36.0	47.8	-24.6%	18.6	-6.6%	
Fixed services	20.1	17.4	16.0%	39.5	33.5	18.0%	19.3	4.1%	
<b>Total service revenue</b>	<b>204.2</b>	<b>209.0</b>	<b>-2.3%</b>	<b>408.6</b>	<b>412.9</b>	<b>-1.0%</b>	<b>204.4</b>	<b>-0.1%</b>	
<b>Handset sales</b>	<b>72.7</b>	<b>30.7</b>	<b>136.7%</b>	<b>163.1</b>	<b>66.9</b>	<b>143.7%</b>	<b>90.4</b>	<b>-19.6%</b>	
<b>Total</b>	<b>276.8</b>	<b>239.7</b>	<b>15.5%</b>	<b>571.7</b>	<b>479.8</b>	<b>19.1%</b>	<b>294.8</b>	<b>-6.1%</b>	

### Key Drivers

#### Number of customers ('000)

Postpaid	1,169	1,148	1.8%	1,169	1,148	1.8%	1,157	1.0%
Prepaid	714	855	-16.5%	714	855	-16.5%	713	0.2%
<b>Total Mobile</b>	<b>1,883</b>	<b>2,003</b>	<b>-6.0%</b>	<b>1,883</b>	<b>2,003</b>	<b>-6.0%</b>	<b>1,870</b>	<b>0.7%</b>
Fibre	114	94	20.9%	114	94	20.9%	108	5.2%
<b>Total</b>	<b>1,997</b>	<b>2,097</b>	<b>-4.8%</b>	<b>1,997</b>	<b>2,097</b>	<b>-4.8%</b>	<b>1,978</b>	<b>1.0%</b>

#### Mobile market share ^

Postpaid	24.4%	24.9%	-	24.4%	24.9%	-	24.4%	-
Prepaid	21.3%	23.2%	-	21.3%	23.2%	-	21.1%	-
<b>Overall</b>	<b>23.1%</b>	<b>24.1%</b>	<b>-</b>	<b>23.1%</b>	<b>24.1%</b>	<b>-</b>	<b>23.1%</b>	<b>-</b>

Mobile penetration rate ^	148.5%	153.9%	-	148.5%	153.9%	-	148.2%	-
---------------------------	--------	--------	---	--------	--------	---	--------	---

#### Monthly minutes of use per active customer (per month)

Postpaid	246	274	-10.1%	246	274	-10.0%	246	0.3%
Prepaid	302	307	-1.7%	311	300	3.5%	320	-5.5%

Average monthly churn rate	1.0%	1.1%	-	1.0%	1.1%	-	1.0%	-
Acquisition cost per postpaid customer	S\$342	S\$268	27.6%	S\$367	S\$289	27.0%	S\$392	-12.8%

^ Based on latest published statistics.



### 13.1 Operating Revenue

YoY, operating revenue at \$276.8m for 2Q2015 and \$571.7m for 1H2015 were 15.5% and 19.1% higher respectively due to higher handset sales. Compared to 1Q2015, it was 6.1% lower.

#### 13.1.1 Key Drivers

As at 30 June 2015, our customer base stood at 1,997,000, 4.8% lower than last year's. Compared to 1Q2015, it was 1.0% higher. Market share was 23.1% at end April 2015.

Churn rate was 1.0% for 2Q2015 and 1H2015 respectively.

YoY, postpaid customer acquisition cost increased 27.6% to \$342 for 2Q2015 and 27.0% to \$367 for 1H2015. Compared to 1Q2015, it was 12.8% lower.

#### 13.1.2 Mobile Telecommunications Services

	<u>Group</u>			<u>Group</u>			<u>Group</u>	<b>Change (2Q2015 vs 1Q2015)</b>
	<b>2Q2015</b>	<b>2Q2014</b>	<b>YoY</b>	<b>1H2015</b>	<b>1H2014</b>	<b>YoY</b>	<b>1Q2015</b>	
	<b>S\$m</b>	<b>S\$m</b>	<b>Change</b>	<b>S\$m</b>	<b>S\$m</b>	<b>Change</b>	<b>S\$m</b>	
<b>Telecommunications revenue</b>								
Postpaid	147.4	147.6	-0.2%	294.7	292.7	0.7%	147.4	0.0%
Prepaid	19.3	20.3	-4.8%	38.4	39.0	-1.5%	19.1	1.0%
<b>Total</b>	<b>166.6</b>	<b>167.9</b>	<b>-0.7%</b>	<b>333.1</b>	<b>331.6</b>	<b>0.4%</b>	<b>166.5</b>	<b>0.1%</b>
<b>ARPU (per month)</b>								
Postpaid (gross)	\$62.1	\$62.3	-0.3%	\$62.0	\$62.3	-0.5%	\$62.0	0.2%
Postpaid (net)	\$54.5	\$55.5	-1.8%	\$54.7	\$55.3	-1.1%	\$55.0	-0.9%
Data plan	\$17.3	\$19.7	-12.2%	\$17.4	\$19.6	-11.2%	\$17.5	-1.1%
Prepaid	\$14.9	\$13.7	8.8%	\$15.0	\$13.1	14.5%	\$15.1	-1.3%
Fibre Broadband	\$46.3	\$41.9	10.5%	\$45.8	\$41.8	9.6%	\$45.3	2.2%
Non-voice services as a % of service revenue	54.1%	46.1%		53.1%	45.6%		52.0%	

YoY, mobile telecommunications revenue decreased 0.7% to \$166.6m for 2Q2015 and increased 0.4% to \$333.1m for 1H2015. Against 1Q2015, it was stable.

YoY, postpaid revenue decreased 0.2% to \$147.4m for 2Q2015 and increased 0.7% to \$294.7m for 1H2015. Compared to 1Q2015, it was stable.

Prepaid revenue at \$19.3m for 2Q2015 and \$38.4m for 1H2015 was 4.8% and 1.5% lower YoY respectively due to lower prepaid customer base. Against 1Q2015, it was 1.0% higher.



Overall, data revenue continued to grow. Data usage has shifted from data only plans to smartphone plans. Average smartphone data usage increased to 3.2GB per month this quarter from 2.8GB per month a year ago. Accordingly, non-voice contribution increased YoY by 8.0% points to 54.1% for 2Q2015 and 7.5% points to 53.1% for 1H2015 respectively. Against 1Q2015, it was 2.1% points higher.

Data plan ARPU for 2Q2015 and 1H2015 were diluted by the bundling with fixed services.

### 13.1.3 International call services

	Group			Group			Group	Change (2Q2015 vs 1Q2015)
	2Q2015	2Q2014	YoY	1H2015	1H2014	YoY	1Q2015	
	S\$m	S\$m	Change	S\$m	S\$m	Change	S\$m	
<b>International call services</b>								
Retail revenue	13.8	19.9	-30.9%	28.6	40.6	-29.6%	14.8	-7.0%
Wholesale and bilateral revenue	3.6	3.8	-4.7%	7.4	7.2	3.1%	3.8	-5.0%
<b>Total</b>	<b>17.4</b>	<b>23.7</b>	<b>-26.7%</b>	<b>36.0</b>	<b>47.8</b>	<b>-24.6%</b>	<b>18.6</b>	<b>-6.6%</b>
Total international retail minutes (in millions)	206	291	-29.3%	426	605	-29.6%	220	-6.5%

International call revenue at \$17.4m for 2Q2015 was 26.7% and 24.6% lower compared to 2Q2014 and 1H2014 respectively due to lower retail traffic. Compared to 1Q2015, it was 6.6% lower.

### 13.1.4 Fixed services

Fixed services grew 16.0% and 18.0% YoY to \$20.1m for 2Q2015 and \$39.5m for 1H2015 respectively due to higher fibre customer base. Against 1Q2015, it grew 4.1%.

### 13.1.5 Handset sales

YoY, handset sales at \$72.7m for 2Q2015 was 136.7% and 143.7% higher compared to 2Q2014 and 1H2014 respectively due to higher sales volume and selling price. Against 1Q2015, it was 19.6% lower.





## 13.2 Operating Expenses

	Group			Group			Group		Change (2Q2015 vs 1Q2015)
	2Q2015	2Q2014	YoY	1H2015	1H2014	YoY	1Q2015		
	S\$m	S\$m	Change	S\$m	S\$m	Change	S\$m		
Cost of sales	123.9	86.2	43.7%	261.6	175.6	49.0%	137.8	-10.1%	
Staff costs	29.8	27.8	7.3%	58.8	55.4	6.2%	29.0	2.7%	
Advertising & promotion	4.4	5.3	-15.8%	12.3	10.8	14.6%	7.9	-44.0%	
Depreciation & amortisation	28.6	28.0	2.1%	55.6	55.2	0.7%	27.0	6.1%	
Allowance for bad & doubtful debt	1.3	2.7	-53.7%	3.8	5.3	-27.8%	2.6	-51.0%	
Facilities expenses	20.7	19.3	7.2%	41.5	38.4	8.2%	20.8	-0.7%	
Leased circuit costs	8.4	7.8	8.1%	15.9	15.3	4.2%	7.5	11.4%	
Licence fees	0.6	0.6	-4.3%	1.2	1.1	9.9%	0.6	0.0%	
Other general & administrative	4.2	6.8	-37.9%	10.4	13.9	-25.3%	6.2	-31.3%	
Foreign exchange (gain)/loss	0.7	0.1	@	0.7	0.1	@	*	@	
<b>Total</b>	<b>222.5</b>	<b>184.5</b>	<b>20.6%</b>	<b>461.9</b>	<b>370.9</b>	<b>24.5%</b>	<b>239.4</b>	<b>-7.0%</b>	

\* Denotes less than S\$0.05 million

@ Denotes more than +/-300%

YoY, operating expenses increased 20.6% to \$222.5m for 2Q2015 and 24.5% to \$461.9m for 1H2015 due to higher cost of sales. Against 1Q2015, operating expenses was 7.0% lower.

### 13.2.1 Cost of sales

	Group			Group			Group		Change (2Q2015 vs 1Q2015)
	2Q2015	2Q2014	YoY	1H2015	1H2014	YoY	1Q2015		
	S\$m	S\$m	Change	S\$m	S\$m	Change	S\$m		
Handset costs	96.3	52.8	82.5%	205.9	109.4	88.2%	109.6	-12.1%	
Traffic expenses	9.3	14.3	-35.0%	19.4	29.8	-34.9%	10.1	-7.6%	
Wholesale costs of fixed services	9.2	8.1	13.7%	17.8	16.2	9.8%	8.5	8.2%	
Other costs	9.0	11.0	-18.2%	18.6	20.3	-8.2%	9.6	-5.7%	
<b>Total</b>	<b>123.9</b>	<b>86.2</b>	<b>43.7%</b>	<b>261.6</b>	<b>175.6</b>	<b>49.0%</b>	<b>137.8</b>	<b>-10.1%</b>	

Cost of sales increased 43.7% and 49.0% YoY to \$123.9m for 2Q2015 and \$261.6m for 1H2015 respectively mainly due to higher handset costs. Handset costs for 2Q2015 and 1H2015 were higher YoY due to higher sales volume and average unit cost. Traffic expenses at \$9.3m for 2Q2015 and \$19.4m for 1H2015 were 35.0% and 34.9% lower YoY, mainly due to decrease in international traffic. Compared to 1Q2015, cost of sales decreased 10.1% mainly due to lower handset costs. Wholesale costs of fixed services increased 13.7% YoY to \$9.2m for 2Q2015 and 9.8% to \$17.8m for 1H2015 due to higher customer base.



### 13.2.2 Staff costs

YoY, Staff costs increased 7.3% to \$29.8m for 2Q2015 and 6.2% to \$58.8m for 1H2015 due to annual increment and higher headcount. Against 1Q2015, it was 2.7% higher.

### 13.2.3 Advertising and promotion expenses

For the quarter, advertising & promotion expenses decreased 15.8% YoY and 44.0% QoQ to \$4.4m due to lower marketing activities. For 1H2015, it was 14.6% higher.

### 13.2.4 Depreciation and amortisation

Depreciation and amortisation expenses at \$28.6m for 2Q2015 and \$55.6m for 1H2015 were 2.1% and 0.7% higher YoY respectively. Against 1Q2015, it was 6.1% higher.

### 13.2.5 Allowance for bad and doubtful debt

For 2Q2015 and 1H2015, doubtful debt allowance decreased 53.7% and 27.8% YoY to \$1.3m and \$3.8m respectively. Against 1Q2015, it was 51.0% lower due to adjustments for overprovisions.

### 13.2.6 Facilities expenses

Facilities expenses increased 7.2% to \$20.7m for 2Q2015 and 8.2% to \$41.5m for 1H2015 due to higher maintenance expenses for new systems. Against 1Q2015, it was 0.7% lower.

### 13.2.7 Leased circuit costs

Leased circuit costs for 2Q2015 increased 8.1% YoY and 11.4% QoQ to \$8.4m respectively to support new sites. For 1H2015, it was 4.2% higher YoY at \$15.9m.

### 13.2.8 Other general and administrative expenses

YoY, other general and administrative expenses decreased 37.9% at \$4.2m for 2Q2015 and 25.3% for 1H2015 at \$10.4m due to one-off expenses incurred last year. Against 1Q2015, it was 31.3% lower.

## 13.3 Finance Costs

Compared to last year, finance costs increased 16.8% to \$1.2m for 2Q2015 and 12.8% to \$2.3m for 1H2015.

## 13.4 Taxation

YoY, provision for taxation decreased 8.1% to \$9.5m for 2Q2015 and 8.1% to \$19.1m for 1H2015.



### 13.5 Net Profit

	Group			Group			Group	Change
	2Q2015	2Q2014	YoY	1H2015	1H2014	YoY		
	S\$m	S\$m	Change	S\$m	S\$m	Change	S\$m	(2Q2015 vs 1Q2015)
Net profit	44.3	43.9	1.0%	90.0	86.7	3.8%	45.7	-2.9%
Net profit margin (on service revenue)	21.7%	21.0%		22.0%	21.0%		22.3%	

YoY, net profit at \$44.3m for 2Q2015 and \$90.0m for 1H2015 were 1.0% and 3.8% higher respectively. Compared to the previous quarter, it was 2.9% lower.

Compared to the corresponding periods last year, net profit margin improved to 21.7% for 2Q2015 and 22.0% for 1H2015. Against 1Q2015, it was 0.6% points lower.

### 13.6 EBITDA

	Group			Group			Group	Change
	2Q2015	2Q2014	YoY	1H2015	1H2014	YoY		
	S\$m	S\$m	Change	S\$m	S\$m	Change	S\$m	(2Q2015 vs 1Q2015)
EBITDA	83.6	83.2	0.5%	166.9	164.7	1.4%	83.3	0.3%
EBITDA margin (on service revenue)	41.0%	39.8%		40.9%	39.9%		40.8%	

YoY, EBITDA at \$83.6m for 2Q2015 and \$166.9m for 1H2015 were 0.5% and 1.4% higher respectively. Compared to 1Q2015, it was 0.3% higher.

EBITDA margin, as a percentage of service revenue, was 41.0% for 2Q2015 and 40.9% for 1H2015.

### 13.7 Capital Expenditure and Commitments

Capital expenditure incurred for 1H2015 was \$65.1m as compared to \$60.9m for 1H2014.

Capital commitment as at 30 June 2015 was \$83.3m and included \$64.0m commitment for the 4G spectrum rights.



### 13.8 Liquidity and Capital Resources

	Group			Group			Group		Change (2Q2015 vs 1Q2015)
	2Q2015 S\$m	2Q2014 S\$m	YoY Change	1H2015 S\$m	1H2014 S\$m	YoY Change	1Q2015 S\$m		
Profit before tax	53.8	54.2	-0.7%	109.1	107.5	1.5%	55.3	-2.7%	
Non-cash item and net interest expense adjustments	8.6	11.8	-26.8%	36.5	40.7	-10.3%	27.9	-69.1%	
Net change in working capital	8.7	(10.8)	-180.3%	(15.9)	(19.0)	-16.6%	(24.5)	-135.3%	
Net cash provided by operating activities	71.1	55.2	28.8%	129.7	129.2	0.4%	58.7	21.2%	
Net cash used in investing	(40.0)	(28.1)	42.2%	(65.0)	(60.5)	7.5%	(25.0)	60.0%	
Net cash used in financing	(16.0)	(114.5)	-86.1%	(54.6)	(106.8)	-48.9%	(38.6)	-58.7%	
Net change in cash and cash equivalents	15.2	(87.5)	-117.3%	10.2	(38.0)	-126.8%	(5.0)	@	
Cash and cash equivalents at beginning of financial period	17.8	103.9	-82.9%	22.8	54.5	-58.2%	22.8	-21.8%	
Cash and cash equivalents at end of financial period	33.0	16.4	100.9%	33.0	16.4	100.9%	17.8	85.1%	
Free Cash flow <sup>(1)</sup>	31.1	27.0	15.2%	64.7	68.3	-5.4%	33.6	-7.5%	

@ Denotes more than +/-300%

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

Operating cash flow increased from \$55.2m for 2Q2014 to \$71.1m for 2Q2015. Against 1Q2015, it was 21.2% higher.

Free cash flow at \$64.7m for 1H2015 was 5.4% lower YoY.

### 13.9 Gearing and Interest Cover

As at end June 2015, gearing ratio was 0.8 times compared to 0.7 times as at end Dec 2014. Interest coverage ratio (EBITDA/Interest) was 70.3 times for 2Q2015 compared to 81.7 times for 2Q2014.



### **13.10 Balance Sheet**

Total non-current assets increased 1.2% from \$801.9m as at 31 December 2014 to \$811.4m as at 30 June 2015 mainly due to higher fixed assets.

Total current assets increased 7.1% from \$225.9m as at 31 December 2014 to \$241.9m as at 30 June 2015, mainly due to higher cash and cash equivalents and trade debtors balances.

Total current liabilities as at 30 June 2015 was \$553.0m, 101.4% higher than \$274.5m for 31 December 2014 as a result of the reclassification of the \$250m term loan maturing in May 2016 to short term borrowings.

Against 31 December 2014, total equity as at 30 June 2015 was 1.5% lower at \$388.9m.

### **14. VARIANCE FROM PROSPECT STATEMENT**

For the 6 months ended 30 June 2015, net profit after tax increased 3.8% year on year to \$90.0m which is in line with our previous outlook.

### **15. OUTLOOK**

Our continued focus on enhancing customer experience, which includes investments in network and human resource, saw M1 being recognised for the best 4G experience\*.

With an expanded range of cloud-based solutions and being a key sub-contractor for NetLink Trust, we are well placed to better serve our corporate customers.

Based on current economic outlook and barring unforeseen circumstances, we estimate moderate growth in net profit after tax for the year 2015.

\*Based on IDA's consumer survey

### **BY ORDER OF THE BOARD**

FOO SIANG LARNG  
Company Secretary  
20 July 2015