



First Quarter 2015 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:

	Note	1Q15 S\$m	1Q14 S\$m	Change
Operating revenue	(i)	294.8	240.2	22.8%
Operating expenses	(ii)	(239.4)	(186.4)	28.4%
Other revenue		0.9	0.6	58.3%
Finance costs		(1.1)	(1.0)	8.8%
Profit before tax		55.3	53.3	3.7%
Taxation	(iii)	(9.6)	(10.5)	-8.2%
Net profit		45.7	42.8	6.6%
Other comprehensive income:				
Items that may be reclassified subsequently to profit or loss:				
Fair value changes on interest rate swap		-	-	-
Total comprehensive income for the period		45.7	42.8	6.6%
Earnings per share (cents)				
Basic		4.9	4.6	5.6%
Diluted		4.9	4.6	5.0%
EBITDA (S\$m)		83.3	81.5	2.3%

The net profit included the following:

	1Q15 S\$m	1Q14 S\$m
Other revenue including interest income	(0.9)	(0.6)
Interest on borrowings	1.1	1.0
Depreciation and amortisation	27.0	27.1
Allowance for doubtful debts and bad debts written off	2.6	2.6
Provision/(write-back) for inventory obsolescence	0.2	-
Foreign exchange (gain)/loss, net	*	*
(Gain)/loss 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	
		31-Mar-15 S\$'m	31-Dec-14 S\$'m	31-Mar-15 S\$'m	31-Dec-14 S\$'m
Non-current assets:					
Fixed assets		686.9	685.9	676.5	675.0
Licences and spectrum rights		99.1	102.1	99.1	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>800.0</u>	<u>801.9</u>	<u>799.9</u>	<u>801.4</u>
Current assets:					
Inventories		34.5	30.3	0.1	0.1
Trade debtors	(iv)	158.3	149.7	155.6	146.6
Other debtors		14.3	13.9	10.1	9.8
Prepayments		8.5	8.7	8.2	8.4
Due from related companies		0.6	0.5	4.2	4.4
Cash and cash equivalents	(v)	17.8	22.8	17.5	22.4
		<u>234.0</u>	<u>225.9</u>	<u>195.7</u>	<u>191.7</u>
Current liabilities:					
Creditors and accruals		(147.2)	(157.3)	(108.9)	(112.9)
Unearned revenue		(26.0)	(26.4)	(24.1)	(24.6)
Due to related companies		(0.2)	(0.1)	(11.2)	(24.3)
Borrowings	(vi)	(3.8)	(52.0)	(3.8)	(52.0)
Taxation		(46.8)	(38.7)	(46.9)	(38.2)
		<u>(224.0)</u>	<u>(274.5)</u>	<u>(194.9)</u>	<u>(252.0)</u>
Net current assets/(liabilities)		10.1	(48.6)	0.8	(60.3)
Non-current liabilities:					
Borrowings	(vi)	(250.0)	(250.0)	(250.0)	(250.0)
Deferred tax liabilities		(109.7)	(108.7)	(109.7)	(108.7)
Net assets		<u>450.3</u>	<u>394.6</u>	<u>441.0</u>	<u>382.3</u>
Represented by:					
Share capital		211.0	200.6	210.9	200.6
Share option reserve		4.6	4.9	4.6	4.9
Retained profits		234.7	189.1	225.5	176.8
Total shareholders' equity		<u>450.3</u>	<u>394.6</u>	<u>441.0</u>	<u>382.3</u>



1(c) Consolidated Cash Flow Statement for:

	1Q15	1Q14
	S\$m	S\$m
Cash flows from operating activities:		
Profit before tax	55.3	53.3
Adjustments for:		
Share option expenses	0.5	0.6
Depreciation of fixed assets	24.0	24.2
(Gain)/loss on disposal of fixed assets	(0.1)	(0.3)
Amortisation	2.9	3.0
Interest income	(*)	(0.1)
Interest on borrowings	1.1	1.0
Operating cash flows before working capital changes	<u>83.8</u>	<u>81.8</u>
Changes in:		
Inventories	(4.2)	11.0
Trade debtors	(8.6)	6.3
Other debtors	(0.4)	0.2
Prepayments	0.2	(0.8)
Non-current staff loans	*	(*)
Creditors and accruals	(11.1)	(24.6)
Unearned revenue	(0.5)	(0.4)
Related companies	*	0.1
Changes in working capital	<u>(24.5)</u>	<u>(8.2)</u>
Interest received	*	0.1
Interest paid	(0.1)	(*)
Payment of tax	(0.5)	0.4
Net cash flows from operating activities	<u>58.7</u>	<u>74.0</u>
Cash flows from investing activities:		
Purchase of fixed assets	(25.1)	(32.7)
Proceeds from disposal of fixed assets	0.1	0.3
Net cash flows used in investing activities	<u>(25.0)</u>	<u>(32.3)</u>
Cash flows from financing activities:		
Proceeds from loans	6.3	-
Repayment of term loans	(54.5)	-
Proceeds from issuance of ordinary shares on exercise of employee share options	9.6	7.7
Net cash flows generated from/(used in) financing activities	<u>(38.6)</u>	<u>7.7</u>
Net changes in cash and cash equivalents	(5.0)	49.4
Cash and cash equivalents at beginning of financial period	<u>22.8</u>	<u>54.5</u>
Cash and cash equivalents at end of financial period	<u>17.8</u>	<u>103.9</u>

* 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	Hedging Reserve S\$'m	Share Option Reserve S\$'m	Retained Profits S\$'m	Total S\$'m
As at 1 Jan 15	200.6	-	4.9	189.1	394.6
Total comprehensive income for the period	-	-	-	45.7	45.7
Increase of share capital in investment	0.1	-	-	-	0.1
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 Mar 15	211.0	-	4.6	234.7	450.3

Group	Attributable to Equity Holders of the Company				
	Share Capital S\$'m	Hedging Reserve S\$'m	Share Option Reserve S\$'m	Retained Profits S\$'m	Total S\$'m
As at 1 Jan 14	179.8	-	5.0	210.2	395.1
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
As at 31 Mar 14	188.4	-	4.8	253.1	446.3



Company

	Attributable to Equity Holders of the Company				
	Share Capital	Hedging Reserve	Share Option Reserve	Retained Profits	Total
	S\$'m	S\$'m	S\$'m	S\$'m	S\$'m
As at 1 Jan 15	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 Mar 15	210.9	-	4.6	225.5	441.0

Company

	Attributable to Equity Holders of the Company				
	Share Capital	Hedging Reserve	Share Option Reserve	Retained Profits	Total
	S\$'m	S\$'m	S\$'m	S\$'m	S\$'m
As at 1 Jan 14	179.8	-	5.0	196.4	381.2
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
As at 31 Mar 14	188.4	-	4.8	240.8	434.1



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

	Share options		Ordinary shares	
	1Q15	1Q14	1Q15	1Q14
As at 1 Jan	26,958,200	26,825,200	931,327,282	923,410,282
Options granted during the financial period (\$3.64/\$3.31)	9,230,000	9,420,000	-	-
Exercised during the financial period	(3,590,000)	(3,344,000)	3,590,000	3,344,000
Cancelled during the financial period	(280,000)	-	-	-
As at 31 Mar	32,318,200	32,901,200	934,917,282	926,754,282

1(e) Notes to Financial Statements

(i) Operating Revenue

	Group	
	1Q15 S\$'m	1Q14 S\$'m
Operating revenue		
Mobile telecommunications services	166.5	163.8
International call services	18.6	24.1
Fixed services	19.3	16.1
Total service revenue	204.4	203.9
Handset sales	90.4	36.2
Total	294.8	240.2

(ii) Operating Expenses

	Group	
	1Q15 S\$'m	1Q14 S\$'m
Cost of sales	137.8	89.4
Staff costs	29.0	27.6
Advertising and promotion expenses	7.9	5.5
Depreciation and amortisation	27.0	27.1
Allowance for doubtful debts	2.6	2.6
Facilities expenses	20.8	19.1
Leased circuit costs	7.5	7.5
Licence fees	0.6	0.5
Other general and administrative expenses	6.2	7.1
Foreign exchange (gain)/loss	*	*
Total	239.4	186.4

* Denotes less than S\$0.05 million



(iii) Taxation

Major components of income tax expense for the periods ended 31 Mar were:

	<u>Group</u>	
	<u>1Q15</u>	<u>1Q14</u>
	S\$'m	S\$'m
Current tax		
- Current provision	8.7	8.1
Deferred tax		
- Under provision in prior year	-	0.4
- Movement in temporary differences	1.0	2.0
Income tax expense	<u>9.6</u>	<u>10.5</u>

(iv) Trade debtors

	<u>Group</u>		<u>Company</u>	
	<u>31-Mar-15</u>	<u>31-Dec-14</u>	<u>31-Mar-15</u>	<u>31-Dec-14</u>
	S\$'m	S\$'m	S\$'m	S\$'m
Mobile and fixed services				
- Billed	55.9	55.3	55.9	55.3
- Accrued service revenue	15.5	14.5	15.5	14.5
- Accrued handsets revenue	88.0	80.8	88.0	80.8
Others				
- Billed	12.3	12.0	9.6	8.9
- Accrued	2.2	2.1	2.2	2.1
	<u>173.8</u>	<u>164.6</u>	<u>171.1</u>	<u>161.5</u>
Allowance for doubtful debts	<u>(15.5)</u>	<u>(14.9)</u>	<u>(15.5)</u>	<u>(14.9)</u>
	<u>158.3</u>	<u>149.7</u>	<u>155.6</u>	<u>146.6</u>

(v) Cash and cash equivalents comprise:

	<u>Group</u>		<u>Company</u>	
	<u>31-Mar-15</u>	<u>31-Dec-14</u>	<u>31-Mar-15</u>	<u>31-Dec-14</u>
	S\$'m	S\$'m	S\$'m	S\$'m
Cash and bank balances	17.8	22.8	17.5	22.4
	<u>17.8</u>	<u>22.8</u>	<u>17.5</u>	<u>22.4</u>



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

Amount repayable in one year or less, or on demand

As at 31 Mar 15		As at 31 Dec 14	
Secured	Unsecured	Secured	Unsecured
Nil	S\$3.8m	Nil	S\$52.0m

Amount repayable after one year

As at 31 Mar 15		As at 31 Dec 14	
Secured	Unsecured	Secured	Unsecured
Nil	S\$250.0m	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 1Q15 financial results to be false or misleading.

On behalf of the directors

CHOO CHIAU BENG
Chairman

KAREN KOOI
Director

Singapore
13 April 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 except for derivative financial instruments that have been measured at their fair values.

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

	1Q15	1Q14	Change
Earnings per ordinary share of the Group based on the net profit attributable to shareholders:-			
(i) Based on weighted average number of shares	4.9 cts	4.6 cts	5.6%
- Weighted average number of shares ('000)	933,259	924,984	0.9%
(ii) On fully diluted basis	4.9 cts	4.6 cts	5.0%
- Adjusted weighted average number of shares ('000)	939,757	926,142	1.5%

6. NET ASSET VALUE

	Group		Company	
	31-Mar-15	31-Dec-14	31-Mar-15	31-Dec-14
Net asset value per share (cents)	48.2	42.4	47.2	41.1

7. DIVIDEND

(a) Current Financial Period Reported On

Any dividend recommended for the current financial period reported on?

No.

(b) Corresponding Period of the Immediately Preceding Financial Year

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

No.

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

No dividend has been declared or recommended for the financial period.



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:

	1Q15 S\$'m	1Q14 S\$'m
Sales	(5.4)	(1.0)
Purchases	3.9	5.1

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).

	1Q15 S\$'000	1Q14 S\$'000
Transactions for the purchase of goods and services		
Singapore Telecommunications Limited & its associates	1,530	754
Telekom Malaysia Berhad	1,435	2,124
Axiata Group Berhad	118	107
Keppel Logistics Pte Ltd	268	243
Keppel FMO Pte Ltd	-	260
CapitaMall Trust	348	318
Starhub Ltd	252	139
Temasek Holdings (Private) Limited & its associates	1,736	2,206
Transactions for the sale of goods and services		
Telekom Malaysia Berhad	4,458	-
Axiata Group Berhad	69	71
Temasek Holdings (Private) Limited & its associates	55	-
Total Interested Person Transactions	10,269	6,222

11. REVIEW OF PERFORMANCE OF THE GROUP

Please refer to the Management Discussion and Analysis of the Group for the first quarter ended 31 March 2015.



12. AUDITORS' REPORT

Not applicable.

13. REVIEW OF PERFORMANCE

	Group		YoY Change	Group	Change (1Q15 vs 4Q14)
	1Q15 S\$'m	1Q14 S\$'m		4Q14 S\$'m	
<u>Revenues</u>					
Operating revenue					
Mobile telecommunications services	166.5	163.8	1.6%	172.0	-3.2%
International call services	18.6	24.1	-22.6%	20.1	-7.6%
Fixed services	19.3	16.1	20.2%	19.2	0.9%
Total service revenue	204.4	203.9	0.2%	211.3	-3.2%
Handset sales	90.4	36.2	149.5%	135.1	-33.1%
Total	294.8	240.2	22.8%	346.4	-14.9%

Key Drivers

Number of customers ('000)

Postpaid	1,157	1,138	1.7%	1,149	0.7%
Prepaid	713	966	-26.2%	703	1.3%
Total	1,870	2,104	-11.1%	1,852	0.9%

Market share [^]

Postpaid	24.4%	24.9%	-	24.5%	-
Prepaid	20.7%	25.0%	-	20.7%	-
Overall	22.8%	25.0%	-	22.9%	-

Mobile penetration rate [^]

148.2%	156.3%	-	148.0%	-
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Monthly minutes of use per active customer (per month)

Postpaid	246	273	-10.0%	257	-4.2%
Prepaid	320	294	8.8%	358	-10.7%

Average monthly churn rate	1.0%	1.1%	-	1.2%	-
Acquisition cost per postpaid customer	S\$392	S\$309	26.9%	S\$438	-10.5%

[^] Based on latest published statistics.



13.1 Operating Revenue

For the quarter ended 31 Mar 15 (“1Q15”), operating revenue at \$294.8m was 22.8% higher YoY due to higher handset sales. Compared to 4Q14, it was 14.9% lower.

13.1.1 Key Drivers

As at 31 Mar 15, our cellular customer base stood at 1,870,000, 11.1% lower than last year’s. Compared to 4Q14, it was 0.9% higher. Market share was 22.8% as at end Jan 15.

Churn rate was 1.0% for 1Q15. Compared to 4Q14, it improved 0.2% point.

YoY, customer acquisition cost increased 26.9% to \$392 for 1Q15. Compared to 4Q14, it was 10.5% lower mainly due to higher sales of high end smartphones in 4Q14.

13.1.2 Mobile Telecommunications Services

	Group		YoY Change	Group	Change (1Q15 vs 4Q14)
	1Q15 S\$’m	1Q14 S\$’m		4Q14 S\$’m	
Telecommunications revenue					
Postpaid	147.4	145.1	1.6%	151.2	-2.5%
Prepaid	19.1	18.7	2.0%	20.8	-8.3%
Total	166.5	163.8	1.6%	172.0	-3.2%
ARPU (per month)					
Postpaid (gross)	S\$62.0	S\$62.3	-0.5%	S\$63.1	-1.7%
Postpaid (net)	S\$55.0	S\$55.1	-0.2%	S\$56.8	-3.2%
Data plan	S\$17.5	S\$19.5	-10.3%	S\$18.3	-4.4%
Prepaid	S\$15.1	S\$12.6	19.8%	S\$16.9	-10.7%
Non-voice services as a % of service revenue	52.0%	45.1%		49.9%	

YoY, mobile telecommunications revenue increased 1.6% to \$166.5m for 1Q15 due to higher postpaid revenue. Against 4Q14, it was 3.2% lower.

Postpaid revenue increased by 1.6% YoY to \$147.4m for 1Q15 due to growth in postpaid customer base. Compared to 4Q14, it was 2.5% lower.

Prepaid revenue at \$19.1m for 1Q15 was 2.0% higher YoY. Compared to 4Q14, it was 8.3% lower.

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 6.9% point to 52.0% for 1Q15. Against 4Q14, it was 2.1% point higher.

Data plan ARPU for 1Q15 were diluted by the bundling with fixed services.



13.1.3 International call services

	Group		YoY Change	Group		Change (1Q15 vs 4Q14)
	1Q15 S\$'m	1Q14 S\$'m		4Q14 S\$'m		
International call services						
Retail revenue	14.8	20.7	-28.3%	16.7	-11.3%	
Wholesale and bilateral revenue	3.8	3.4	11.9%	3.4	10.8%	
Total	18.6	24.1	-22.6%	20.1	-7.6%	
Total international retail minutes (in millions)	220	314	-29.8%	250	-11.8%	

YoY, international call revenue decreased 22.6% to \$18.6m for 1Q15 mainly due to lower retail revenue. Against 4Q14, it was 7.6% lower.

13.1.4 Handset sales

Handset sales at \$90.4m for 1Q15 was 149.5% higher YoY due to higher sales volume and selling price. Compared to 4Q14, handset sales was 33.1% lower due to lower sales volume.

13.2 Operating Expenses

	Group		YoY Change	Group		Change (1Q15 vs 4Q14)
	1Q15 S\$'m	1Q14 S\$'m		4Q14 S\$'m		
Cost of sales	137.8	89.4	54.2%	184.6	-25.4%	
Staff costs	29.0	27.6	5.0%	29.3	-0.9%	
Advertising and promotion	7.9	5.5	43.6%	7.7	3.3%	
Depreciation and amortisation	27.0	27.1	-0.7%	30.3	-11.2%	
Allowance for bad and doubtful debt	2.6	2.6	-0.5%	2.5	0.7%	
Facilities expenses	20.8	19.1	9.2%	21.9	-4.8%	
Leased circuit costs	7.5	7.5	0.3%	7.2	4.4%	
Licence fees	0.6	0.5	28.8%	0.7	-12.0%	
Other general and administrative expenses	6.2	7.1	-13.1%	6.7	-7.7%	
Foreign exchange (gain)/loss	*	*	73.8%	0.1	-64.3%	
Total	239.4	186.4	28.4%	290.9	-17.7%	

* Denotes less than S\$0.05 million

YoY, operating expenses increased 28.4% to \$239.4m for 1Q15 mainly due to higher cost of sales. Against 4Q14, it was 17.7% lower.



13.2.1 Cost of sales

	Group		YoY Change	Group	Change (1Q15 vs 4Q14)
	1Q15 S\$'m	1Q14 S\$'m		4Q14 S\$'m	
Handset costs	109.6	56.6	93.5%	157.1	-30.2%
Traffic expenses	10.1	15.4	-34.8%	9.8	2.3%
Wholesale costs of fixed services	8.5	8.1	5.8%	8.5	0.8%
Other costs	9.6	9.2	3.7%	9.2	4.3%
Total	137.8	89.4	54.2%	184.6	-25.4%

Cost of sales at \$137.8m for 1Q15 increased 54.2% YoY mainly due to higher handset costs. Compared to 4Q14, cost of sales was 25.4% lower. Handset costs at \$109.6m was 93.5% higher YoY due to higher sales volume. Against 4Q14, it was 30.2% lower. Traffic expenses declined 34.8% YoY due to decrease in international traffic. Wholesale costs of fixed services increased 5.8% YoY due to higher customer base.

13.2.2 Staff costs

Staff costs increased 5.0% YoY to \$29.0m mainly due to annual increment. Against 4Q14, staff costs were 0.9% lower.

13.2.3 Advertising and promotion expenses

Advertising and promotion expenses increased 43.6% at \$7.9m YoY due to higher level of marketing activities. Against 4Q14, it was 3.3% higher.

13.2.4 Depreciation and amortisation

Depreciation and amortisation expenses at \$27.0m for 1Q15 was 0.7% lower YoY. Against 4Q14, it was 11.2% lower.

13.2.5 Allowance for bad and doubtful debt

YoY, allowance for bad and doubtful debt was stable at \$2.6m. Against 4Q14, it was 0.7% higher.

13.2.6 Facilities expenses

Facilities expenses increased 9.2% YoY for 1Q15 to \$20.8m due to additional base station rollout. Compared to 4Q14, it was 4.8% lower.

13.2.7 Leased circuit costs

Leased circuit costs for 1Q15 was stable at \$7.5m YoY. Against 4Q14, it was 4.4% higher.



13.2.8 Other general and administrative expenses

YoY, other general and administrative expenses was 13.1% lower at \$6.2m for 1Q15. Against 4Q14, it was 7.7% lower.

13.3 Finance Costs

Compared to last year, finance costs increased 8.8% to \$1.1m for 1Q15.

13.4 Taxation

YoY, provision for taxation decreased 8.2% to \$9.6m for 1Q15.

13.5 Net Profit

	<u>Group</u>			<u>Group</u>	Change
	1Q15	1Q14	YoY	4Q14	(1Q15
	S\$m	S\$m	Change	S\$m	vs
					4Q14)
Net profit	45.7	42.8	6.6%	44.5	2.5%
Net profit margin (on service revenue)	22.3%	21.0%		21.1%	

YoY, net profit at \$45.7m for 1Q15 was 6.6% higher. Compared to the previous quarter, it was 2.5% higher.

Compared to the corresponding period last year, net profit margin was higher at 22.3% for 1Q15. Against 4Q14, it was 1.2% point higher.

13.6 EBITDA

	<u>Group</u>			<u>Group</u>	Change
	1Q15	1Q14	YoY	4Q14	(1Q15
	S\$m	S\$m	Change	S\$m	vs
					4Q14)
EBITDA	83.3	81.5	2.3%	86.4	-3.5%
EBITDA margin (on service revenue)	40.8%	40.0%		40.9%	

YoY, EBITDA at \$83.3m for 1Q15 was 2.3% higher. Compared to 4Q14, it was 3.5% lower.

EBITDA margin, as a percentage of service revenue, was 40.8% for 1Q15.



13.7 Capital Expenditure and Commitments

Capital expenditure incurred for 1Q15 was \$25.1m as compared to \$32.7m for 1Q14.

Capital commitment as at 31 Mar 15 was \$86.7m and included \$64.0m commitment for the 4G spectrum rights.

13.8 Liquidity and Capital Resources

	Group			Group	Change
	1Q15	1Q14	YoY	4Q14	(1Q15
	S\$'m	S\$'m	Change	S\$'m	vs
					4Q14)
Profit before tax	55.3	53.3	3.7%	55.0	0.5%
Non-cash item and net interest expense adjustments	27.9	28.9	-3.6%	31.5	-11.5%
Net change in working capital	(24.5)	(8.2)	198.1%	(49.4)	-50.4%
Net cash provided by operating activities	58.7	74.0	-20.8%	37.1	58.0%
Net cash used in investing activities	(25.0)	(32.3)	-22.7%	(79.4)	-68.5%
Net cash (used in)/from financing activities	(38.6)	7.7	@	46.8	-182.6%
Net change in cash and cash equivalents	(5.0)	49.4	-110.1%	4.5	-211.4%
Cash and cash equivalents at beginning of financial period	22.8	54.5	-58.2%	18.3	24.4%
Cash and cash equivalents at end of financial period	17.8	103.9	-82.9%	22.8	-21.8%
Free Cash flow ⁽¹⁾	33.6	41.3	-18.7%	(42.4)	179.3%

@ 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.

Operating cash flow decreased from \$74.0m for 1Q14 to \$58.7m for 1Q15. Against 4Q14, it was 58.0% higher.

Free cash flow at \$33.6m for 1Q15 was 18.7% lower YoY.

13.9 Gearing and Interest Cover

As at end Mar 15, gearing ratio was 0.5 times compared to 0.7 times as at end Dec 14. Interest coverage ratio (EBITDA/Interest) was 78.2 times for 1Q15 compared to 83.1 times for 1Q14.



13.10 Balance Sheet

Total non-current assets decreased 0.2% from \$801.9m as at 31 Dec 14 to \$800.0m as at 31 Mar 15.

Total current assets increased 3.6% from \$225.9m as at 31 Dec 14 to \$234.0m as at 31 Mar 15, mainly due to higher inventories and trade debtors balances partially off-set by lower cash and cash equivalents.

Total current liabilities was \$224.0m as at 31 Mar 15, 18.4% lower than \$274.5m for 31 Dec 14 mainly due to lower short term borrowings.

Against 31 Dec 14, total equity as at 31 Mar 15 was 14.1% higher at \$450.3m.

14. VARIANCE FROM PROSPECT STATEMENT

For the 3 months ended 31 March 2015, net profit after tax increased 6.6% year on year to \$45.7m which is in line with our previous outlook.

15. OUTLOOK

We continue to invest to enhance customer experience. Following extensive testing, we recently launched 4G Voice (or Voice over LTE), which would benefit customers through faster call set-up time and clearer voice calls.

With the launch of new fixed services, including ultra-high speed broadband plans, data centre and cloud-based applications, we are establishing a track record of securing new customers in the Government and Corporate sectors. We will continue to build on these capabilities to grow our fibre business.

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

BY ORDER OF THE BOARD

FOO SIANG LARNG
Company Secretary
13 April 2015