



First Quarter 2017 Financial Statement Announcement

TABLE OF CONTENTS	Page No:
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	11
10 Interested Person Transactions	11
11 Review of Performance of the Group	11
12 Auditors' Report	11
13 Review of Performance	12
14 Variance From Prospect Statement	18
15 Outlook	18

Notes:

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



1(a) Consolidated Statement of Comprehensive Income for:

	Note	1Q2017 S\$m	1Q2016 S\$m	Change
Operating revenue	(i)	260.7	257.6	1.2%
Operating expenses	(ii)	(214.1)	(205.3)	4.3%
Other revenue		0.8	0.6	44.6%
Finance costs		(2.0)	(1.3)	59.0%
Profit before tax		45.4	51.7	-12.2%
Taxation	(iii)	(9.1)	(9.1)	-0.8%
Net profit		36.3	42.5	-14.6%
Other comprehensive income		(1.0)	-	-
Total comprehensive income for the period		35.3	42.5	-16.9%
Earnings per share (cents)				
Basic		3.9	4.5	-14.2%
Diluted		3.9	4.5	-14.1%
EBITDA (S\$m)		79.0	83.3	-5.1%

The net profit included the following:

	1Q2017 S\$m	1Q2016 S\$m
Other revenue including interest income	(0.8)	(0.6)
Interest on borrowings	2.0	1.3
Depreciation and amortisation	31.7	30.3
Allowance for doubtful debts and bad debts written off	2.0	2.3
Provision/(write-back) for inventory obsolescence	nil	0.2
Foreign exchange (gain)/loss, net	(0.1)	0.2
(Gain)/loss on disposal of fixed assets	(2.4)	(*)

* Denotes less than S\$0.05 million



1(b) Statements of Financial Position as at:

	Note	Group		Company	
		31 Mar 2017	31 Dec 2016	31 Mar 2017	31 Dec 2016
		S\$'m	S\$'m	S\$'m	S\$'m
Non-current assets:					
Fixed assets		747.1	742.0	722.7	725.2
Licences and spectrum rights		135.4	139.0	135.4	139.0
Other intangibles		14.3	14.3	-	-
Staff loans		0.4	0.3	0.4	0.3
Long-term investments		23.2	20.6	-	-
Investment in associate		2.9	3.0	-	-
Interest in subsidiaries		-	-	7.1	7.1
Due from subsidiaries		-	-	43.7	40.2
		<u>923.3</u>	<u>919.2</u>	<u>909.3</u>	<u>911.8</u>
Current assets:					
Inventories		40.3	23.0	0.1	0.1
Trade receivables	(iv)	168.5	165.6	161.8	159.4
Other receivables		32.8	14.1	28.0	9.5
Prepayments		12.2	12.4	11.7	11.9
Due from related companies		0.7	1.4	0.7	1.4
Cash and cash equivalents	(v)	7.5	11.0	7.0	10.1
		<u>262.0</u>	<u>227.4</u>	<u>209.3</u>	<u>192.4</u>
Current liabilities:					
Creditors and accruals		(175.2)	(165.5)	(139.0)	(119.8)
Unearned revenue		(34.6)	(32.8)	(31.8)	(30.1)
Due to related companies		(0.5)	(0.5)	(26.9)	(55.2)
Borrowings	(vi)	(133.7)	(151.0)	(133.7)	(151.0)
Taxation		(33.4)	(25.5)	(31.4)	(23.6)
		<u>(377.4)</u>	<u>(375.2)</u>	<u>(362.8)</u>	<u>(379.8)</u>
Net current liabilities		(115.4)	(147.8)	(153.5)	(187.4)
Non-current liabilities:					
Borrowings	(vi)	(250.0)	(250.0)	(250.0)	(250.0)
Deferred tax liabilities		(119.1)	(118.0)	(115.4)	(115.7)
Net assets		<u>438.8</u>	<u>403.4</u>	<u>390.4</u>	<u>358.8</u>
Represented by:					
Share capital		217.2	217.2	217.2	217.2
Share option reserve		6.6	6.7	6.6	6.7
Treasury Shares		(18.5)	(18.6)	(18.5)	(18.6)
Fair value adjustment reserve		(0.8)	0.2	-	-
Retained profits		234.3	198.0	185.1	153.6
Total shareholders' equity		<u>438.8</u>	<u>403.4</u>	<u>390.4</u>	<u>358.8</u>



1(c) Consolidated Cash Flow Statement for:

	1Q2017 S\$m	1Q2016 S\$m
Cash flows from operating activities:		
Profit before tax	45.4	51.7
Adjustments for:		
Share option expenses	(0.1)	0.2
Depreciation of fixed assets	28.1	26.8
Gain on disposal of fixed assets	(2.4)	(*)
Amortisation	3.6	3.6
Allowance for doubtful debts	2.0	2.3
Interest income	(0.1)	(*)
Interest on borrowings	2.0	1.3
Share of loss of associate	0.1	-
Operating cash flows before working capital changes	78.6	85.9
Changes in:		
Inventories	(17.4)	15.3
Trade debtors	(4.9)	5.1
Other debtors	(18.8)	1.9
Prepayments	0.2	0.8
Non-current staff loans	(*)	(*)
Creditors and accruals	8.1	(8.1)
Unearned revenue	1.8	1.4
Related companies	0.8	*
Changes in working capital	(30.2)	16.4
Interest received	0.1	*
Interest paid	(0.3)	(0.3)
Payment of tax	*	-
Net cash flows from operating activities	48.2	102.0
Cash flows from investing activities:		
Purchase of fixed assets	(49.6)	(37.9)
Purchase of long-term investments	(3.7)	(1.0)
Proceeds from disposal of fixed assets	18.8	*
Net cash flows used in investing activities	(34.5)	(38.9)
Cash flows from financing activities:		
Proceeds from loans	-	1.6
Repayment of term loans	(17.3)	(43.9)
Purchase of treasury shares	-	(19.3)
Proceeds from issuance of ordinary shares on exercise of employee share options	0.1	0.1
Net cash flows used in financing activities	(17.2)	(61.5)
Net changes in cash and cash equivalents	(3.5)	1.6
Cash and cash equivalents at beginning of financial period	11.0	10.0
Cash and cash equivalents at end of financial period	7.5	11.6

* 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	Fair Value Adjustment Reserve S\$'m	Retained Profits S\$'m	Total S\$'m
As at 1 January 2017	217.2	6.7	(18.6)	0.2	198.0	403.4
Net Profit	-	-	-	-	36.3	36.3
<u>Other comprehensive income</u>						
Fair value adjustment reserve	-	-	-	(1.0)	-	(1.0)
Total comprehensive income for the period	-	-	-	(1.0)	36.3	35.3
Issuance of ordinary shares on exercise of employee share options	-	(0.2)	-	-	-	(0.2)
Treasury shares transferred pursuant to share option plans	-	-	0.1	-	-	0.1
Expenses on share options	-	0.1	-	-	-	0.1
As at 31 March 2017	217.2	6.6	(18.5)	(0.8)	234.3	438.8

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



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 2017	217.2	6.7	(18.6)	153.6	358.8
Total comprehensive income for the period	-	-	-	31.6	31.6
Issuance of ordinary shares on exercise of employee share options	-	(0.2)	-	-	(0.2)
Treasury shares transferred pursuant to share option plans	-	-	0.1	-	0.1
Expenses on share options	-	0.1	-	-	0.1
As at 31 March 2017	217.2	6.6	(18.5)	185.2	390.4

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



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

	Share options		Ordinary shares		Treasury shares	
	1Q2017	1Q2016	1Q2017	1Q2016	1Q2017	1Q2016
As at 1 January	37,207,700	29,822,700	930,022,782	937,187,782	7,215,000	-
Options granted during the financial period						
S\$2.48	-	9,500,000	-	-	-	-
Exercised during the financial period	(35,000)	(50,000)	35,000	50,000	-	-
Cancelled during the financial period	(1,346,000)	(970,000)	-	-	-	-
Purchased of treasury shares during the financial period	-	-	-	(7,500,000)	-	7,500,000
Treasury shares transferred pursuant to share option plans	-	-	-	-	(35,000)	-
As at 31 March	35,826,700	38,302,700	930,057,782	929,737,782	7,180,000	7,500,000

1(e) Notes to Financial Statements

(i) Operating Revenue

	Group	
	1Q2017	1Q2016
	S\$'m	S\$'m
Operating revenue		
Mobile telecommunications services	157.6	163.4
International call services	13.9	15.6
Fixed services	30.0	24.5
Total service revenue	201.5	203.4
Handset sales	59.2	54.2
Total	260.7	257.6



(ii) Operating Expenses

	Group	
	1Q2017	1Q2016
	S\$'m	S\$'m
Cost of sales	113.2	104.9
Staff costs	29.9	27.4
Advertising and promotion expenses	4.0	4.6
Depreciation and amortisation	31.7	30.3
Allowance for doubtful debts	2.0	2.3
Facilities expenses	20.1	21.1
Leased circuit costs	8.2	7.8
Licence fees	0.9	0.6
Other general and administrative expenses	4.2	6.1
Foreign exchange (gain)/loss	(0.1)	0.2
Total	214.1	205.3

(iii) Taxation

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

	Group	
	1Q2017	1Q2016
	S\$'m	S\$'m
Current tax		
- Current provision	7.9	8.0
- (Over)/under provision in prior year	-	(0.9)
Deferred tax		
- Movement in temporary differences	1.1	2.0
Income tax expense	9.1	9.1



(iv) Trade debtors

	Group		Company	
	31 Mar 2017	31 Dec 2016	31 Mar 2017	31 Dec 2016
	S\$'m	S\$'m	S\$'m	S\$'m
Mobile and fixed services				
- Billed	50.6	55.3	50.6	55.3
- Accrued service revenue	13.4	14.5	13.4	14.5
- Accrued handsets revenue	88.7	87.1	88.7	87.1
Others				
- Billed	25.2	20.4	18.4	14.0
- Accrued	1.5	0.4	1.5	0.4
	179.4	177.6	172.6	171.2
Allowance for doubtful debts	(10.9)	(12.0)	(10.8)	(11.9)
	168.5	165.6	161.8	159.4

(v) Cash and cash equivalents comprise:

	Group		Company	
	31 Mar 2017	31 Dec 2016	31 Mar 2017	31 Dec 2016
	S\$'m	S\$'m	S\$'m	S\$'m
Cash and bank balances	7.5	11.0	7.0	10.1
	7.5	11.0	7.0	10.1

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

Amount repayable in one year or less, or on demand

As at 31 March 2017		As at 31 December 2016	
Secured	Unsecured	Secured	Unsecured
Nil	S\$133.7m	Nil	S\$151.0m

Amount repayable after one year

As at 31 March 2017		As at 31 December 2016	
Secured	Unsecured	Secured	Unsecured
Nil	S\$250.0m	Nil	S\$250.0m

Details of any collateral

None.

The S\$250 million fixed rate long term bank loan bears 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 first quarter ended 31 March 2017 financial results to be false or misleading.

On behalf of the directors

CHOO CHIAU BENG
Chairman

KAREN KOOI
Director

Singapore
17 April 2017

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 2016, 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

	1Q2017	1Q2016	Change
Earnings per ordinary share of the Group based on the net profit attributable to shareholders:-			
(i) Based on weighted average number of shares	3.9 cts	4.5 cts	-14.2%
- Weighted average number of shares ('000)	930,027	935,816	-0.6%
(ii) On fully diluted basis	3.9 cts	4.5 cts	-14.1%
- Adjusted weighted average number of shares ('000)	930,071	936,103	-0.6%

6. NET ASSET VALUE

	Group		Company	
	31 Mar 2017	31 Dec 2016	31 Mar 2017	31 Dec 2016
Net asset value per share (cents)	47.2	43.4	42.0	38.6

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:

	1Q2017 S\$m	1Q2016 S\$m
Sales	(2.9)	(1.1)
Purchases	4.5	5.4

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).

	1Q2017 S\$'000
Transactions for the purchase of goods and services	
Singapore Telecommunications Limited & its associates	13,180
Axiata Group Berhad	768
Keppel Logistics Pte Ltd	329
Starhub Limited & its associates	4,468
Temasek Holdings (Private) Limited & its associates	1,345
SingPost Ltd	730
Transactions for the sale of goods and services	
Singapore Telecommunications Limited & its associates	3,316
Axiata Group Berhad	493
Starhub Limited & its associates	1,666
Temasek Holdings (Private) Limited & its associates	48
Total Interested Person Transactions	<u>26,343</u>

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 2017.

12. AUDITORS' REPORT

Not applicable.



13. REVIEW OF PERFORMANCE

	Group			Group	Change
	1Q2017	1Q2016	YoY	4Q2016	(1Q2017
	S\$'m	S\$'m	Change	S\$'m	vs
					4Q2016)
<u>Revenues</u>					
Operating revenue					
Mobile telecommunications services	157.5	163.4	-3.6%	158.4	-0.5%
International call services	13.9	15.6	-10.7%	15.5	-9.9%
Fixed services	30.0	24.5	22.8%	27.2	10.5%
Total service revenue	201.5	203.4	-0.9%	201.0	0.2%
Handset sales	59.2	54.2	9.2%	112.8	-47.6%
Total	260.7	257.6	1.2%	313.9	-16.9%
<u>Key Drivers</u>					
Number of customers ('000)					
Postpaid	1,271	1,208	5.3%	1,247	1.9%
Prepaid	775	734	5.6%	772	0.4%
Total Mobile	2,046	1,941	5.4%	2,019	1.3%
Fibre	168	136	23.6%	160	5.0%
Total	2,214	2,078	6.6%	2,179	1.6%
Mobile market share ^					
Postpaid	24.8%	24.6%	-	24.8%	-
Prepaid	22.5%	21.8%	-	22.5%	-
Overall	23.8%	23.5%	-	23.8%	-
Mobile penetration rate ^	149.8%	148.7%	-	149.8%	-
Monthly minutes of use per active customer (per month)					
Postpaid	191	214	-10.7%	203	-5.6%
Prepaid	172	224	-23.2%	191	-9.6%
Average monthly churn rate	1.0%	1.0%	-	1.2%	-
Acquisition cost per postpaid customer	S\$366	S\$321	14.0%	S\$438	-16.4%

^ Based on latest published statistics.



13.1 Operating Revenue

For the quarter ended 31 March 2017 (“1Q2017”), operating revenue at S\$260.7m was 1.2% higher YoY mainly due to higher fixed services revenue and handset sales. Compared to 4Q2016, it was 16.9% lower.

13.1.1 Key Drivers

As at 31 March 2017, our customer base stood at 2,214,000, 6.6% higher than last year’s. Compared to 4Q2016, it was 1.6% higher. Market share was 23.8% as at end January 2017.

YoY, Churn rate was stable at 1.0%. Compared to 4Q2016, it improved 0.2% point.

YoY, customer acquisition cost increased 14.0% to \$366 for 1Q2017. Compared to 4Q2016, it was 16.4% lower.

13.1.2 Mobile Telecommunications Services

	<u>Group</u>			<u>Group</u>		<u>Change</u>
	<u>1Q2017</u>	<u>1Q2016</u>	<u>YoY</u>	<u>4Q2016</u>	<u>(1Q2017</u>	
	<u>S\$’m</u>	<u>S\$’m</u>	<u>Change</u>	<u>S\$’m</u>	<u>vs</u>	<u>4Q2016)</u>
Telecommunications revenue						
Postpaid	142.2	144.7	-1.7%	142.2	0.0%	
Prepaid	15.3	18.7	-17.8%	16.2	-5.4%	
Total	157.5	163.4	-3.6%	158.4	-0.5%	
ARPU (per month)						
Postpaid (gross)	S\$55.8	S\$58.6	-4.8%	S\$57.1	-2.3%	
Postpaid (net)	S\$48.6	S\$51.7	-6.0%	S\$49.5	-1.8%	
Data plan	S\$13.4	S\$15.8	-14.9%	S\$14.0	-4.2%	
Prepaid	S\$11.0	S\$13.2	-17.1%	S\$11.5	-4.5%	
Fibre Broadband	S\$43.4	S\$46.9	-7.6%	S\$43.1	0.7%	
Mobile data contribution as a % of service revenue	55.1%	53.1%		54.8%		

YoY, mobile telecommunications revenue decreased 3.6% to S\$157.5m for 1Q2017 mainly due to lower prepaid revenue. Against 4Q2016, it was stable.

Postpaid revenue decreased by 1.7% YoY to S\$142.2m for 1Q2017. Compared to 4Q2016, it was stable.

Prepaid revenue at S\$15.3m for 1Q2017 was 17.8% lower YoY. Compared to 4Q2016, it was 5.4% lower.

Average postpaid smartphone data usage increased to 3.7GB per month this quarter from 3.3GB per month a year ago. Mobile data contribution increased YoY by 2.0% points to 55.1% for 1Q2017.



13.1.3 International call services

	<u>Group</u>		YoY Change	<u>Group</u>		Change (1Q2017 vs 4Q2016)
	1Q2017 S\$m	1Q2016 S\$m		4Q2016 S\$m		
International call services						
Retail revenue	9.8	11.2	-12.4%	10.3	-5.2%	
Wholesale and bilateral revenue	4.2	4.4	-6.5%	5.2	-19.2%	
Total	13.9	15.6	-10.7%	15.5	-9.9%	
Total international retail minutes (in millions)	176	172	2.5%	187	-5.6%	

YoY, international call services revenue decreased 10.7% to S\$13.9m for 1Q2017 mainly due to lower retail revenue. Against 4Q2016, it was 9.9% lower.

13.1.4 Handset sales

Handset sales at S\$59.2m for 1Q2017 increased 9.2% YoY due to higher sales volume. Against 4Q2016, it was 47.6% lower due to lower sales volume.

13.2 Operating Expenses

	<u>Group</u>		YoY Change	<u>Group</u>		Change (1Q2017 vs 4Q2016)
	1Q2017 S\$m	1Q2016 S\$m		4Q2016 S\$m		
Cost of sales	113.2	104.9	8.0%	166.9	-32.2%	
Staff costs	29.9	27.4	9.3%	29.5	1.3%	
Advertising and promotion expenses	4.0	4.6	-12.4%	6.3	-35.7%	
Depreciation & amortisation	31.7	30.3	4.3%	33.4	-5.3%	
Allowance for doubtful debts	2.0	2.3	-13.1%	2.2	-11.0%	
Facilities expenses	20.1	21.1	-4.8%	22.5	-10.7%	
Leased circuit costs	8.2	7.8	5.4%	8.0	3.0%	
Licence fees	0.9	0.6	48.1%	1.2	-21.2%	
Other general & administrative expenses	4.2	6.1	-31.8%	6.9	-39.8%	
Foreign exchange (gain)/loss	(0.1)	0.2	-163.3%	(0.2)	-46.8%	
Total	214.1	205.3	4.3%	276.7	-22.6%	

@ Denotes more than +/-300%

YoY, operating expenses increased 4.3% to S\$214.1m for 1Q2017 mainly due to higher cost of sales. Against 4Q2016, it was 22.6% lower.



13.2.1 Cost of sales

	<u>Group</u>		YoY Change	<u>Group</u>		Change (1Q2017 vs 4Q2016)
	1Q2017 S\$'m	1Q2016 S\$'m		4Q2016 S\$'m		
Handset costs	80.6	76.4	5.6%	134.8	-40.2%	
Traffic expenses	9.8	9.8	0.1%	10.6	-7.1%	
Wholesale costs of fixed services	13.8	11.2	24.0%	11.2	23.3%	
Other costs	8.9	7.5	18.9%	10.3	-13.1%	
Total	113.2	104.9	8.0%	166.9	-32.2%	

Cost of sales at S\$113.2m for 1Q2017 increased 8.0% YoY mainly due to higher handset costs and wholesale costs of fixed services. Compared to 4Q2016, cost of sales was 32.2% lower. Handset costs at S\$80.6m was 5.6% higher YoY due to higher sales volume. Against 4Q2016, it was 40.2% lower due to lower sales volume. Traffic expenses at S\$9.8m was stable YoY. Against 4Q2016, it was lower 7.1% due to decrease in international traffic. Wholesale costs of fixed services increased 24.0% YoY and 23.3% QoQ due to higher fibre customer base.

13.2.2 Staff costs

Staff costs increased 9.3% YoY to S\$29.9m as 1Q2016 benefited from higher wage credits. Against 4Q2016, it was 1.3% higher.

13.2.3 Advertising and promotion expenses

Advertising and promotion expenses decreased 12.4% to S\$4.0m YoY due to timing of marketing activities. Against 4Q2016, it was 35.7% lower.

13.2.4 Depreciation and amortisation

Depreciation and amortisation expenses at S\$31.7m for 1Q2017 was 4.3% higher YoY due to higher fixed asset base. Against 4Q2016, it was 5.3% lower.

13.2.5 Allowance for bad and doubtful debt

YoY, allowance for bad and doubtful debt at S\$2.0m for 1Q2017 was 13.1% lower YoY due to improved collection. Against 4Q2016, it was 11.0% lower.

13.2.6 Facilities expenses

Facilities expenses at S\$20.1m was 4.8% lower YoY. Compared to 4Q2016, it decreased 10.7%.

13.2.7 Leased circuit costs

Leased circuit costs at S\$8.2m for 1Q2017 was stable YoY and QoQ.



13.2.8 Other general and administrative expenses

Other general and administrative expenses at S\$4.2m for 1Q2017 was 31.8% lower YoY and 39.8% lower QoQ due to gain on disposal of fixed assets.

13.3 Finance Costs

Compared to last year, finance costs increased 59.0% to S\$2.0m for 1Q2017 due to higher borrowings and interest rate.

13.4 Taxation

Provision for taxation at S\$9.1m for 1Q2017 was stable YoY.

13.5 Net Profit

	<u>Group</u>			<u>Group</u>	<u>Change</u>
	<u>1Q2017</u>	<u>1Q2016</u>	<u>YoY</u>	<u>4Q2016</u>	<u>(1Q2017</u>
	<u>S\$'m</u>	<u>S\$'m</u>	<u>Change</u>	<u>S\$'m</u>	<u>vs</u>
					<u>4Q2016)</u>
Net profit	36.3	42.5	-14.6%	31.8	14.3%
Net profit margin (on service revenue)	18.0%	20.9%		15.8%	

YoY, net profit at S\$36.3m for 1Q2017 was 14.6% lower. Compared to 4Q2016, it was 14.3% higher.

Compared to the corresponding period last year, net profit margin was lower at 18.0% for 1Q2017. Against 4Q2016, it was 2.2% points higher.

13.6 EBITDA

	<u>Group</u>			<u>Group</u>	<u>Change</u>
	<u>1Q2017</u>	<u>1Q2016</u>	<u>YoY</u>	<u>4Q2016</u>	<u>(1Q2017</u>
	<u>S\$'m</u>	<u>S\$'m</u>	<u>Change</u>	<u>S\$'m</u>	<u>vs</u>
					<u>4Q2016)</u>
EBITDA	79.0	83.3	-5.1%	72.1	9.7%
EBITDA margin (on service revenue)	39.2%	40.9%		35.8%	

EBITDA for 1Q2017 at S\$79.0m was 5.1% lower YoY. Compared to 4Q2016, it was 9.7% higher.

EBITDA margin, as a percentage of service revenue, was 39.2% for 1Q2017.



13.7 Capital Expenditure and Commitments

Capital expenditure incurred for 1Q2017 was S\$49.6m as compared to \$37.9m for 1Q2016.

Capital commitment as at 31 March 2017 was S\$52.6m.

13.8 Liquidity and Capital Resources

	Group			Group	Change
	1Q2017	1Q2016	YoY	4Q2016	(1Q2017
	S\$'m	S\$'m	Change	S\$'m	vs
					4Q2016)
Profit before tax	45.4	51.7	-12.2%	36.6	23.9%
Non-cash item and net interest expense adjustments	33.0	33.9	-2.6%	29.4	12.4%
Net change in working capital	(30.2)	16.4	284.0%	(15.7)	-91.8%
Net cash provided by operating activities	48.2	102.0	-52.7%	50.3	-4.1%
Net cash used in investing activities	(34.5)	(38.9)	11.2%	(48.6)	29.0%
Net cash used in financing activities	(17.2)	(61.5)	72.0%	(0.3)	@
Net change in cash and cash equivalents	(3.5)	1.6	@	1.3	@
Cash and cash equivalents at beginning of financial period	11.0	10.0	10.3%	9.7	13.7%
Cash and cash equivalents at end of financial period	7.5	11.6	-35.1%	11.0	-31.9%
Free Cash flow	17.5	64.1	-72.7%	8.8	98.0%

@ Denotes more than +/-300%

Operating cash flow decreased from S\$102.0m for 1Q2016 to S\$48.2m for 1Q2017. Against 4Q2016, it was 4.1% lower.

Free cash flow at S\$17.5m for 1Q2017 was 72.7% lower YoY.

13.9 Gearing and Interest Cover

As at end March 2017, gearing ratio was 0.9 times compared to 1.0 times as at end December 2016. Interest coverage ratio (EBITDA/Interest) was 41.1 times for 1Q2017 compared to 66.8 times for 1Q2016.



13.10 Statements of Financial Position

Total non-current assets was stable at S\$923.3m as at 31 March 2017.

Total current assets increased 15.2% from S\$227.4m as at 31 December 2016 to S\$262.0m as at 31 March 2017, mainly due to higher inventories and debtors balances.

Total current liabilities was stable at S\$377.4m as at 31 March 2017.

Against 31 December 2016, total equity as at 31 March 2017 was 8.7% higher at S\$438.8m.

14. VARIANCE FROM PROSPECT STATEMENT

No forecast was made previously.

15. OUTLOOK

We secured 2 x 10 MHz of 700 MHz and 2 x 5 MHz of 900 MHz spectrum at the recent auction. This will enable us to enhance our network coverage, deploy innovative technologies to augment our network capacity, and deliver superior customer experience cost effectively through optimal use of spectrum.

New and improved cloud based service offerings are being developed and launched to drive growth in fixed services in the Government and Corporate segments. Relevant skill sets are being acquired and developed internally to be ready for new opportunities in internet-of-things (IoT) and Smart Nation initiatives in the digital economy.

Customer centricity is at our core and we will invest in building our brand to position M1 as the telecommunications provider of choice to retain the loyalty of existing customers and attract new ones.

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
17 April 2017