



Second Quarter and Half Year 2017 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:

		2Q2017	2Q2016		1H2017	1H2016	
	Note	S\$m	S\$m	Change	S\$m	S\$m	Change
Operating revenue	(i)	251.6	240.4	4.7%	512.3	498.0	2.9%
Operating expenses	(ii)	(210.1)	(191.1)	9.9%	(424.2)	(396.4)	7.0%
Other revenue		0.4	1.9	-78.3%	1.3	2.4	-46.2%
Finance costs		(2.1)	(1.6)	34.6%	(4.1)	(2.8)	45.5%
Share of loss of an associate		(0.1)	-	-	(0.2)	-	-
Profit before tax		39.7	49.5	-19.8%	85.1	101.2	-15.9%
Taxation	(iii)	(7.3)	(8.5)	-14.9%	(16.3)	(17.7)	-7.6%
Net profit		32.5	41.0	-20.8%	68.8	83.5	-17.6%
Other comprehensive income		0.8	-	-	(0.2)	-	-
Total comprehensive income for the period		33.3	41.0	-18.8%	68.6	83.5	-17.9%
Earnings per share (cents)							
Basic		3.5	4.4	-20.8%	7.4	9.0	-17.4%
Diluted		3.5	4.4	-20.8%	7.4	8.9	-17.4%
EBITDA (S\$m)		73.4	82.2	-10.7%	152.4	165.4	-7.8%

The net profit included the following:

	2Q2017	2Q2016	1H2017	1H2016
	S\$m	S\$m	S\$m	S\$m
Other revenue including interest income	(0.4)	(1.9)	(1.3)	(2.4)
Interest on borrowings	2.1	1.6	4.1	2.8
Depreciation and amortisation	31.6	31.1	63.2	61.4
Allowance for doubtful debts and bad debts written off	2.5	2.0	4.5	4.3
Provision/(write-back) for inventory obsolescence	nil	(0.7)	nil	(0.6)
Foreign exchange loss, net	0.2	0.2	0.1	0.4
(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	
		30 Jun 2017	31 Dec 2016	30 Jun 2017	31 Dec 2016
		S\$'m	S\$'m	S\$'m	S\$'m
Non-current assets:					
Fixed assets		746.4	742.0	718.1	725.2
Licences and spectrum rights		151.6	139.0	151.6	139.0
Other intangibles		14.3	14.3	-	-
Staff loans		0.4	0.3	0.4	0.3
Long-term investments		26.6	20.6	-	-
Investment in an associate		2.8	3.0	-	-
Interest in subsidiaries		-	-	7.1	7.1
Due from subsidiaries		-	-	46.2	40.2
		<u>942.1</u>	<u>919.2</u>	<u>923.4</u>	<u>911.8</u>
Current assets:					
Inventories		31.9	23.0	0.1	0.1
Trade receivables	(iv)	155.3	165.6	145.8	159.4
Other receivable and deposits		41.1	14.1	35.9	9.5
Prepayments		11.6	12.4	11.2	11.9
Due from related companies		0.9	1.4	0.8	1.4
Cash and cash equivalents	(v)	6.1	11.0	4.8	10.1
		<u>246.9</u>	<u>227.4</u>	<u>198.5</u>	<u>192.4</u>
Current liabilities:					
Trade payables and accruals		(163.4)	(165.5)	(127.8)	(119.8)
Unearned revenue		(35.0)	(32.8)	(32.0)	(30.1)
Due to related parties and subsidiaries		(0.8)	(0.5)	(32.5)	(55.2)
Borrowings	(vi)	(76.6)	(151.0)	(76.6)	(151.0)
Income tax payable		(26.8)	(25.5)	(24.9)	(23.6)
		<u>(302.6)</u>	<u>(375.2)</u>	<u>(293.9)</u>	<u>(379.8)</u>
Net current liabilities		(55.7)	(147.8)	(95.4)	(187.4)
Non-current liabilities:					
Borrowings	(vi)	(350.0)	(250.0)	(350.0)	(250.0)
Deferred tax liabilities		(119.0)	(118.0)	(115.3)	(115.7)
Net assets		<u>417.4</u>	<u>403.4</u>	<u>362.7</u>	<u>358.8</u>
Represented by:					
Share capital		217.1	217.2	217.1	217.2
Share option reserve		6.7	6.7	6.7	6.7
Treasury Shares		(18.4)	(18.6)	(18.4)	(18.6)
Fair value adjustment reserve		-	0.2	-	-
Retained profits		211.9	198.0	157.2	153.6
Total shareholders' equity		<u>417.4</u>	<u>403.4</u>	<u>362.7</u>	<u>358.8</u>



1(c) Consolidated Cash Flow Statement for:

	2Q2017	2Q2016	1H2017	1H2016
	S\$'m	S\$'m	S\$'m	S\$'m
Cash flows from operating activities:				
Profit before tax	39.7	49.5	85.1	101.2
Adjustments for:				
Share option expenses	0.1	0.4	0.1	0.6
Depreciation of fixed assets	27.8	27.5	55.9	54.3
(Gain)/Loss on disposal of fixed assets	*	*	(2.4)	*
Amortisation	3.8	3.6	7.4	7.2
Interest income	(0.1)	(*)	(0.2)	(*)
Provision/(write-back) for inventory obsolescence	-	(0.7)	-	(0.6)
Allowance for doubtful debts	2.5	2.0	4.5	4.3
Interest on borrowings	2.1	1.6	4.1	2.8
Share of loss of associate	0.1	-	0.2	-
Operating cash flows before working capital changes	76.0	83.9	154.6	169.7
Changes in:				
Inventories	8.4	18.6	(9.0)	34.0
Trade receivables	10.7	13.7	5.8	18.7
Other receivables and deposits	(8.3)	(1.3)	(27.1)	0.7
Prepayments	0.5	1.6	0.7	2.4
Non-current staff loans	*	(0.1)	(0.0)	(0.1)
Trade payables and accruals	(10.2)	(11.4)	(2.1)	(19.5)
Unearned revenue	0.3	(0.6)	2.2	0.8
Related parties	0.1	0.1	0.8	0.1
Changes in working capital	1.5	20.6	(28.6)	37.1
Interest received	0.1	*	0.2	*
Interest paid	(3.7)	(2.2)	(4.1)	(2.6)
Tax paid	(13.9)	(17.4)	(13.9)	(17.4)
Net cash flows from operating activities	60.0	84.8	108.2	186.8
Cash flows from investing activities:				
Purchase of fixed assets	(27.1)	(34.5)	(76.6)	(72.4)
Purchase of spectrum rights	(20.0)	-	(20.0)	-
Purchase of long-term investment	(2.5)	-	(6.2)	(1.0)
Proceeds from disposal of fixed assets	*	*	18.8	*
Net cash flows used in investing activities	(49.6)	(34.5)	(84.0)	(73.4)
Cash flows from financing activities:				
Proceeds from bank loans	151.4	56.5	151.4	58.1
Repayment of bank loans	(108.5)	(33.0)	(125.8)	(76.9)
Issue/(purchase) of treasury shares	*	*	-	(19.3)
Proceeds from issuance of ordinary shares on exercise of employee share options	0.1	(*)	0.2	0.1
Dividends paid to shareholders	(54.9)	(77.2)	(54.9)	(77.2)
Net cash flows used in financing activities	(11.9)	(53.7)	(29.1)	(115.2)
Net changes in cash and cash equivalents	(1.5)	(3.3)	(4.9)	(1.8)
Cash and cash equivalents at beginning of financial period	7.5	11.6	11.0	10.0
Cash and cash equivalents at end of financial period	6.1	8.2	6.1	8.2

*Denotes less than S\$0.05 million



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

Group	Attributable to Equity Holders of the Company					Total S\$'m
	Share Capital S\$'m	Share Option Reserve S\$'m	Treasury Shares S\$'m	Fair Value Adjustment Reserve S\$'m	Retained Profits 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
Net Profit	-	-	-	-	32.5	32.5
<u>Other comprehensive income</u>						
Fair value adjustment reserve	-	-	-	0.8	-	0.8
Total comprehensive income for the period	-	-	-	0.8	32.5	33.3
Issuance of ordinary shares on exercise of employee share options	-	-	-	-	-	-
Treasury shares transferred pursuant to share option plans	(0.1)	-	0.1	-	-	-
Expenses on share options	-	0.1	-	-	-	0.1
Dividends	-	-	-	-	(54.9)	(54.9)
As at 30 June 2017	217.1	6.7	(18.4)	-	211.9	417.4



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



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
Total comprehensive income for the period	-	-	-	27.0	27.0
Issuance of ordinary shares on exercise of employee share options	-	-	-	-	-
Treasury shares transferred pursuant to share option plans	(0.1)	-	0.1	-	-
Expenses on share options	-	0.1	-	-	0.1
Dividends	-	-	-	(54.9)	(54.9)
As at 30 June 2017	217.1	6.7	(18.4)	157.2	362.7

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 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



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

	Share options		Ordinary shares		Treasury shares	
	2Q2017	2Q2016	2Q2017	2Q2016	2Q2017	2Q2016
As at 1 April	35,826,700	38,302,700	930,057,782	929,737,782	7,180,000	7,500,000
Exercised during the financial period	(57,000)	(5,000)	57,000	5,000	-	-
Treasury shares transferred pursuant to share option plans	-	-	-	-	(57,000)	(5,000)
As at 30 June	35,769,700	38,297,700	930,114,782	929,742,782	7,123,000	7,495,000

1(e) Notes to Financial Statements

(i) Operating Revenue

	Group		Group	
	2Q2017	2Q2016	1H2017	1H2016
	S\$'m	S\$'m	S\$'m	S\$'m
Operating revenue				
Mobile telecommunications services	159.5	163.0	317.1	326.4
International call services	14.0	15.3	28.0	30.9
Fixed services	31.1	25.6	61.2	50.0
Total service revenue	204.7	203.9	406.2	407.3
Handset sales	46.9	36.4	106.1	90.6
Total	251.6	240.4	512.3	498.0

(ii) Operating Expenses

	Group		Group	
	2Q2017	2Q2016	1H2017	1H2016
	S\$'m	S\$'m	S\$'m	S\$'m
Cost of sales	103.4	88.0	216.6	192.9
Staff costs	29.3	29.0	59.2	56.4
Advertising and promotion expenses	5.0	4.9	9.1	9.5
Depreciation and amortisation	31.6	31.1	63.2	61.4
Allowance for doubtful debts	2.5	2.0	4.5	4.3
Facilities expenses	22.4	21.1	42.5	42.2
Leased circuit costs	8.1	7.9	16.3	15.7
Licence fees	0.9	1.0	1.8	1.6
Other general and administrative expenses	6.7	6.0	10.9	12.1
Foreign exchange loss	0.2	0.2	0.1	0.4
Total	210.1	191.1	424.2	396.4



(iii) Taxation

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

	Group		Group	
	2Q2017	2Q2016	1H2017	1H2016
	S\$'m	S\$'m	S\$'m	S\$'m
Current tax				
- Current provision	7.4	9.7	15.3	16.8
- Over provision in prior year		(1.8)		(1.8)
Deferred tax				
- Movement in temporary differences	(0.1)	0.6	1.0	2.6
Income tax expense	7.3	8.5	16.3	17.7

(iv) Trade debtors

	Group		Company	
	30 Jun 2017	31 Dec 2016	30 Jun 2017	31 Dec 2016
	S\$'m	S\$'m	S\$'m	S\$'m
Mobile and fixed services				
- Billed	54.4	55.3	54.4	55.3
- Accrued service revenue	12.2	14.5	12.2	14.5
- Accrued handsets revenue	80.9	87.1	80.9	87.1
Others				
- Billed	17.1	20.4	7.6	14.0
- Accrued	1.3	0.4	1.3	0.4
	165.9	177.6	156.4	171.2
Allowance for doubtful debts	(10.6)	(12.0)	(10.5)	(11.9)
	155.3	165.6	145.8	159.4

(v) Cash and cash equivalents comprise:

	Group		Company	
	30 Jun 2017	31 Dec 2016	30 Jun 2017	31 Dec 2016
	S\$'m	S\$'m	S\$'m	S\$'m
Cash and bank balances	6.1	11.0	4.8	10.1
	6.1	11.0	4.8	10.1



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

Amount repayable in one year or less, or on demand

As at 30 June 2017		As at 31 December 2016	
Secured	Unsecured	Secured	Unsecured
Nil	S\$76.6m	Nil	S\$151.0m

Amount repayable after one year

As at 30 June 2017		As at 31 December 2016	
Secured	Unsecured	Secured	Unsecured
Nil	S\$350.0m	Nil	S\$250.0m

Details of any collateral

None.

The S\$250 million long 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.

The S\$100 million long term loan is unsecured and bears an effective interest rate at 2.45% per annum. It is repayable in full in June 2020.



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 ended 30 June 2017 financial results to be false or misleading.

On behalf of the directors

CHOO CHIAU BENG
Chairman

KAREN KOOI
Director

Singapore
18 July 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

Earnings per ordinary share of the Group based on the net profit attributable to shareholders:-	2Q2017	2Q2016	Change	1H2017	1H2016	Change
(i) Based on weighted average number of shares	3.5 cts	4.4 cts	-20.8%	7.4 cts	9.0 cts	-17.4%
- Weighted average number of shares ('000)	930,086	929,742	0.0%	930,057	932,779	-0.3%
(ii) On fully diluted basis	3.5 cts	4.4 cts	-20.8%	7.4 cts	8.9 cts	-17.4%
- Adjusted weighted average number of shares ('000)	930,151	930,156	0.0%	930,112	933,132	-0.3%

6. NET ASSET VALUE

	Group		Company	
	30 Jun 2017	31 Dec 2016	30 Jun 2017	31 Dec 2016
Net asset value per share (cents)	44.9	43.4	39.0	38.6

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	5.2 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 5.2 cents per ordinary share tax exempt under the One-Tier system for the financial year ending 31 December 2017 will be paid on 8 August 2017 to shareholders registered in the Register of Members of the Company at 5.00pm on 31 July 2017.

(d) Books Closure Date

NOTICE IS HEREBY GIVEN that the Register of Members and the Transfer Books of the Company will be closed from 1 August 2017 to 2 August 2017 (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 31 July 2017, 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:

	2Q2017	2Q2016	1H2017	1H2016
	S\$'m	S\$'m	S\$'m	S\$'m
Sales	(3.5)	(6.0)	(6.4)	(7.0)
Purchases	4.9	5.6	9.4	10.9

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).

	2Q2017	1H2017
	S\$'000	S\$'000
Transactions for the purchase of goods and services		
Singapore Telecommunications Limited & its associates	12,341	25,522
Axiata Group Berhad	1,390	2,158
Keppel Logistics Pte Ltd	318	647
SingPost Ltd	700	1,430
Starhub Ltd & its associates	4,617	9,085
Temasek Holdings (Private) Limited & its associates	1,111	2,456
Transactions for the sale of goods and services		
Singapore Telecommunications Limited & its associates	3,472	6,788
Axiata Group Berhad	361	854
Starhub Ltd & its associates	1,615	3,281
Temasek Holdings (Private) Limited & its associates	24	73
Total Interested Person Transactions	25,949	52,294

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 2017.



12. AUDITORS' REPORT

Not applicable.

13. REVIEW OF PERFORMANCE

	<u>Group</u>		YoY Change	<u>Group</u>		YoY Change	<u>Group</u>		Change (2Q2017 vs 1Q2017)
	2Q2017 S\$'m	2Q2016 S\$'m		1H2017 S\$'m	1H2016 S\$'m		1Q2017 S\$'m		
<u>Revenues</u>									
Operating revenue									
Mobile telecommunications services	159.5	163.0	-2.1%	317.1	326.4	-2.9%	157.5	1.3%	
International call services	14.0	15.3	-8.6%	28.0	30.9	-9.6%	13.9	0.7%	
Fixed services	31.1	25.6	21.9%	61.2	50.0	22.3%	30.0	3.7%	
Total service revenue	204.7	203.9	0.4%	406.2	407.3	-0.3%	201.5	1.6%	
Handset sales	46.9	36.4	28.8%	106.1	90.6	17.1%	59.2	-20.7%	
Total	251.6	240.4	4.7%	512.3	498.0	2.9%	260.7	-3.5%	
<u>Key Drivers</u>									
Number of customers ('000)									
Postpaid	1,267	1,222	3.7%	1,267	1,222	3.7%	1,271	-0.3%	
Prepaid	777	758	2.5%	777	758	2.5%	775	0.3%	
Total Mobile	2,044	1,979	3.3%	2,044	1,979	3.3%	2,046	-0.1%	
Fibre	176	145	21.3%	176	145	21.3%	168	4.8%	
Total	2,220	2,124	4.5%	2,220	2,124	4.5%	2,214	0.3%	
Mobile market share ^									
Postpaid	25.0%	24.7%	-	25.0%	24.7%	-	24.9%	-	
Prepaid	23.0%	22.2%	-	23.0%	22.2%	-	22.6%	-	
Overall	24.2%	23.7%	-	24.2%	23.7%	-	24.0%	-	
Mobile penetration rate ^	151.0%	148.2%	-	151.0%	148.2%	-	150.9%	-	
Monthly minutes of use per active customer (per month)									
Postpaid	194	215	-10.1%	192	215	-10.6%	191	1.2%	
Prepaid	148	201	-26.4%	160	212	-24.7%	172	-14.1%	
Average monthly churn rate	1.7%	0.9%	-	1.4%	1.0%	-	1.0%	-	
Acquisition cost per postpaid customer	S\$379	S\$329	15.2%	S\$372	S\$325	14.5%	S\$366	3.6%	

^ Based on latest published statistics.



13.1 Operating Revenue

YoY, operating revenue at \$251.6m for 2Q2017 and \$512.3m for 1H2017 were 4.7% and 2.9% higher respectively due to higher fixed services revenue and handset sales. Compared to 1Q2017, it was 3.5% lower.

13.1.1 Key Drivers

As at 30 June 2017, our customer base stood at 2,220,000, 4.5% higher than last year. Compared to 1Q2017, it was 0.3% higher. Market share was 24.2% at end April 2017.

Churn rate was 1.7% for 2Q2017 and 1.4% for 1H2017 as a result of the migration of customers who were previously on 2G data to the M2M platform following the shutdown of the 2G network in April 2017.

YoY, postpaid customer acquisition cost increased 15.2% to \$379 for 2Q2017 and 14.5% to \$372 for 1H2017. Compared to 1Q2017, it was 3.6% higher.

13.1.2 Mobile Telecommunications Services

	<u>Group</u>		YoY Change	<u>Group</u>		YoY Change	<u>Group</u>	Change (2Q2017 vs 1Q2017)
	2Q2017 S\$'m	2Q2016 S\$'m		1H2017 S\$'m	1H2016 S\$'m		1Q2017 S\$'m	
Telecommunications revenue								
Postpaid	144.2	145.0	-0.6%	286.4	289.7	-1.1%	142.2	1.4%
Prepaid	15.3	18.0	-14.9%	30.6	36.6	-16.4%	15.3	-0.3%
Total	<u>159.5</u>	<u>163.0</u>	-2.1%	<u>317.1</u>	<u>326.4</u>	-2.9%	<u>157.5</u>	1.3%
ARPU (per month)								
Postpaid (gross)	S\$55.8	S\$59.9	-6.8%	S\$55.7	S\$59.2	-5.9%	S\$55.8	0.0%
Postpaid (net)	S\$48.5	S\$51.6	-6.0%	S\$48.5	S\$51.6	-6.0%	S\$48.6	-0.2%
Data plan	S\$12.4	S\$14.8	-16.2%	S\$12.9	S\$15.3	-15.7%	S\$13.4	-7.5%
Prepaid	S\$10.5	S\$12.3	-14.6%	S\$10.8	S\$12.8	-15.6%	S\$11.0	-4.5%
Fibre Broadband	S\$42.7	S\$45.1	-5.3%	S\$43.0	S\$46.0	-6.5%	S\$43.4	-1.6%
Mobile data contribution as a % of service revenue	55.5%	54.0%		55.3%	53.6%		55.1%	

YoY, mobile telecommunications revenue decreased 2.1% to \$159.5m for 2Q2017 and 2.9% to \$317.1m for 1H2017 mainly due to lower prepaid revenue. Against 1Q2017, it was 1.3% higher.

Postpaid revenue decreased 0.6% YoY to \$144.2m for 2Q2017 and 1.1% to \$286.4m for 1H2017. Compared to 1Q2017, it was 1.4% higher.

YoY, prepaid revenue decreased 14.9% to \$15.3m for 2Q2017 and 16.4% to \$30.6m for 1H2017. Against 1Q2017, it was 0.3% lower.



Average postpaid smartphone data usage increased to 3.9GB per month this quarter from 3.3GB per month a year ago. Mobile data contribution increased YoY by 1.5% points to 55.5% for 2Q2017 and 1.7% points to 55.3% for 1H2017 respectively. Against 1Q2017, it was 0.4% points higher.

13.1.3 International call services

	<u>Group</u>		YoY Change	<u>Group</u>		YoY Change	<u>Group</u>	Change (2Q2017 vs 1Q2017)
	2Q2017 S\$'m	2Q2016 S\$'m		1H2017 S\$'m	1H2016 S\$'m		1Q2017 S\$'m	
International call services								
Retail revenue	9.1	10.7	-14.7%	18.9	21.8	-13.5%	9.8	-6.9%
Wholesale and bilateral revenue	4.9	4.7	5.6%	9.1	9.1	-0.3%	4.2	18.6%
Total	14.0	15.3	-8.6%	28.0	30.9	-9.6%	13.9	0.7%
Total international retail minutes (in millions)	162	162	0.0%	339	334	1.5%	176	-8.0%

YoY, international call services revenue decreased 8.6% to \$14.0m for 2Q2017 and 9.6% to \$28.0m for 1H2017 respectively due to lower retail revenue. Compared to 1Q2017, it was 0.7% higher.

13.1.4 Fixed services

Fixed services grew 21.9% and 22.3% YoY to \$31.1m for 2Q2017 and \$61.2m for 1H2017 respectively due to higher fibre customer base and contribution from large projects. Against 1Q2017, it was 3.7% higher.

13.1.5 Handset sales

Handset sales increased 28.8% and 17.1% YoY to \$46.9m for 2Q2017 and \$106.1m for 1H2017 respectively due to higher sales volume. Against 1Q2017, it was 20.7% lower.



13.2 Operating Expenses

	<u>Group</u>		YoY Change	<u>Group</u>		YoY Change	<u>Group</u>	Change (2Q2017 vs 1Q2017)
	2Q2017 S\$'m	2Q2016 S\$'m		1H2017 S\$'m	1H2016 S\$'m		1Q2017 S\$'m	
Cost of sales	103.4	88.0	17.5%	216.6	192.9	12.3%	113.2	-8.7%
Staff costs	29.3	29.0	1.0%	59.2	56.4	5.1%	29.9	-2.0%
Advertising and promotion expenses	5.0	4.9	3.1%	9.1	9.5	-4.4%	4.0	24.8%
Depreciation & amortisation	31.6	31.1	1.5%	63.2	61.4	2.9%	31.7	-0.3%
Allowance for doubtful debts	2.5	2.0	25.6%	4.5	4.3	5.0%	2.0	27.1%
Facilities expenses	22.4	21.1	6.1%	42.5	42.2	0.6%	20.1	11.2%
Leased circuit costs	8.1	7.9	2.8%	16.3	15.7	4.1%	8.2	-1.0%
Licence fees	0.9	1.0	-7.9%	1.8	1.6	13.6%	0.9	0.1%
Other general & administrative	6.7	6.0	12.6%	10.9	12.1	-9.9%	4.2	61.4%
Foreign exchange (gain)/loss	0.2	0.2	-19.3%	0.1	0.4	-43.0%	(0.1)	37.4%
Total	210.1	191.1	9.9%	424.2	396.4	7.0%	214.1	-1.9%

YoY, operating expenses increased 9.9% to \$210.1m for 2Q2017 and 7.0% to \$424.2m for 1H2017 mainly due to higher cost of sales. Against 1Q2017, operating expenses was 1.9% lower.

13.2.1 Cost of sales

	<u>Group</u>		YoY Change	<u>Group</u>		YoY Change	<u>Group</u>	Change (2Q2017 vs 1Q2017)
	2Q2017 S\$'m	2Q2016 S\$'m		1H2017 S\$'m	1H2016 S\$'m		1Q2017 S\$'m	
Handset costs	71.7	59.9	19.7%	152.4	136.3	11.8%	80.6	-11.1%
Traffic expenses	9.3	9.3	0.2%	19.1	19.1	0.1%	9.8	-5.3%
Wholesale costs of fixed services	13.2	11.5	14.4%	27.0	22.7	19.1%	13.8	-4.8%
Other costs	9.2	7.3	25.7%	18.1	14.8	22.2%	8.9	2.7%
Total	103.4	88.0	17.5%	216.6	192.9	12.3%	113.2	-8.7%

Cost of sales increased 17.5% and 12.3% YoY to \$103.4m for 2Q2017 and \$216.6m for 1H2017 respectively mainly due to higher handset costs and wholesale costs of fixed services. Traffic expenses at \$9.3m for 2Q2017 and \$19.1m for 1H2017 were stable YoY. Wholesale costs of fixed services increased 14.4% YoY to \$13.2m for 2Q2017 and 19.1% to \$27.0m for 1H2017 due to higher customer base. Compared to 1Q2017, cost of sales decreased 8.7% mainly due to lower handset costs.



13.2.2 Staff costs

Staff costs at \$29.3m for 2Q2017 was stable YoY and QoQ. For 1H2017, it increased 5.1% to \$59.2m due to salary increment and 1H2016 benefited from higher co-funding received under the government's wages credits scheme.

13.2.3 Advertising and promotion expenses

For the quarter, advertising & promotion expenses increased 3.1% YoY and 24.8% QoQ to \$5.0m due to higher marketing activities. For 1H2017, it was 4.4% lower.

13.2.4 Depreciation and amortisation

Depreciation and amortisation expenses at \$31.6m for 2Q2017 and \$63.2m for 1H2017 were 1.5% and 2.9% higher YoY respectively due to higher fixed asset base. Against 1Q2017, it was stable.

13.2.5 Allowance for bad and doubtful debt

For 2Q2017 and 1H2017, doubtful debt allowance increased 25.6% and 5.0% YoY to \$2.5m and \$4.5m respectively. Against 1Q2017, it was 27.1% higher.

13.2.6 Facilities expenses

Facilities expenses at \$22.4m was 6.1% higher YoY. Against 1Q2017, it was 11.2% higher.

13.2.7 Leased circuit costs

Leased circuit costs at \$8.1m for 2Q2017 was stable YoY and QoQ.

13.2.8 Other general and administrative expenses

YoY, other general and administrative expenses at \$6.7m for 2Q2017 was stable. Against 1Q2017, it was 61.4% higher as 1Q2017 benefited from gain on disposal of fixed assets.

13.3 Finance Costs

Compared to last year, finance costs increased 34.6% to \$2.1m for 2Q2017 and 45.5% to \$4.1m for 1H2017 due to higher borrowings and interest rate.

13.4 Taxation

YoY, provision for taxation decreased 14.9% to \$7.3m for 2Q2017 and 7.6% to \$16.3m for 1H2017.



13.5 Net Profit

	<u>Group</u>		YoY Change	<u>Group</u>		YoY Change	<u>Group</u>	Change (2Q2017 vs 1Q2017)
	2Q2017 S\$m	2Q2016 S\$m		1H2017 S\$m	1H2016 S\$m		1Q2017 S\$m	
Net profit	32.5	41.0	-20.8%	68.8	83.5	-17.6%	36.3	-10.5%
Net profit margin (on service revenue)	15.9%	20.1%		16.9%	20.5%		18.0%	

YoY, net profit at \$32.5m for 2Q2017 and \$68.8m for 1H2017 were 20.8% and 17.6% lower respectively. Compared to the previous quarter, it was 10.5% lower.

Compared to the corresponding periods last year, net profit margin was lower at 15.9% for 2Q2017 and 16.9% for 1H2017. Against 1Q2017, it was 2.1% points lower.

13.6 EBITDA

	<u>Group</u>		YoY Change	<u>Group</u>		YoY Change	<u>Group</u>	Change (2Q2017 vs 1Q2017)
	2Q2017 S\$m	2Q2016 S\$m		1H2017 S\$m	1H2016 S\$m		1Q2017 S\$m	
EBITDA	73.4	82.2	-10.7%	152.4	165.4	-7.8%	79.0	-7.1%
EBITDA margin (on service revenue)	35.9%	40.3%		37.5%	40.6%		39.2%	

YoY, EBITDA at \$73.4m for 2Q2017 and \$152.4m for 1H2017 were 10.7% and 7.8% lower respectively. Compared to 1Q2017, it was 7.1% lower.

EBITDA margin, as a percentage of service revenue, was 35.9% for 2Q2017 and 37.5% for 1H2017.

13.7 Capital Expenditure and Commitments

Capital expenditure incurred for 1H2017 was \$76.6m as compared to \$72.4m for 1H2016.

Capital commitment as at 30 June 2017 was \$238.9m which includes \$188.0m for the 700MHz spectrum.



13.8 Liquidity and Capital Resources

	2Q2017	2Q2016	YoY	1H2017	1H2016	YoY	1Q2017	(2Q2017
	S\$'m	S\$'m	Change	S\$'m	S\$'m	Change	S\$'m	vs
								1Q2017)
Profit before tax	39.7	49.5	-19.8%	85.1	101.2	-15.9%	45.4	-12.4%
Non-cash item and net interest expense adjustments	18.8	13.4	40.1%	51.7	44.9	15.3%	33.0	-43.2%
Net change in working capital	1.5	21.9	-93.2%	(28.6)	40.8	-170.3%	(30.2)	-105.0%
Net cash provided by operating activities	60.0	84.8	-29.3%	108.2	186.8	-42.1%	48.2	24.5%
Net cash used in investing activities	(49.6)	(34.5)	-43.7%	(84.0)	(73.4)	-14.5%	(34.5)	-43.8%
Net cash used in financing activities	(11.9)	(53.7)	77.8%	(29.1)	(115.2)	74.7%	(17.2)	30.8%
Net change in cash and cash equivalents	(1.5)	(3.3)	-55.2%	(4.9)	(1.8)	178.1%	(3.5)	-57.1%
Cash and cash equivalents at beginning of financial period	7.5	11.6	-35.1%	11.0	10.0	10.5%	11.0	-31.8%
Cash and cash equivalents at end of financial period	6.1	8.2	-25.7%	6.1	8.2	-25.6%	7.5	-18.7%
Free Cash flow ⁽¹⁾	12.9	50.3	-74.3%	30.4	114.4	-73.5%	17.5	-26.2%

⁽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 decreased from \$84.8m to \$60.0m for 2Q2017. Against 1Q2017, it was 24.5% higher.

Free cash flow at \$12.9m for 2Q2017 was 74.3% lower YoY.

13.9 Gearing and Interest Cover

As at end June 2017, gearing ratio was stable at 1.0 times compared to end December 2016. Interest coverage ratio (EBITDA/Interest) was 37.2 times for 2Q2017 compared to 62.0 times for 2Q2016.



13.10 Balance Sheet

Total non-current assets increased 2.5% from \$919.2m as at 31 December 2016 to \$942.1m as at 30 June 2017 mainly due to higher licences and spectrum right.

Total current assets increased 8.6% from \$227.4m as at 31 December 2016 to \$246.9m as at 30 June 2017, mainly due to higher inventories and other receivable and deposits balances.

Total current liabilities as at 30 June 2017 was \$302.6m, 19.3% lower than \$375.2m for 31 December 2016.

Against 31 December 2016, total equity as at 30 June 2017 was 3.5% higher at \$417.4m.

14. VARIANCE FROM PROSPECT STATEMENT

No forecast was made previously.

15. OUTLOOK

The impending entry of a new player in a highly penetrated mobile market will lead to an increase in competitive activities. OTT services will continue to impact traditional telecommunication revenue in voice, messaging and roaming. Our service propositions will be enhanced to address changing customer preferences and ensure that we remain competitive.

The transition to a digital economy will open up new opportunities. We are investing in start-ups and digital solution providers with new technologies to generate new revenue streams. The nationwide Narrowband IoT network, to be launched in 3Q2017, will drive new and innovative IoT applications with its robust indoor penetration, low power consumption and network security features. The adoption of new digital and IoT solutions will take time to scale up to meaningful levels.

Based on current outlook and barring unforeseen circumstances, we estimate a decline in net profit after tax for the year 2017.

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

Karen Teo
Company Secretary
18 July 2017