



First Quarter 2018 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	1Q2018 S\$m	1Q2017 S\$m	Change
Operating revenue	(i)	254.1	252.8	0.5%
Operating expenses	(ii)	(209.3)	(208.1)	0.6%
Other revenue		0.3	0.8	-65.3%
Finance costs		(2.8)	(2.0)	41.9%
Profit before tax		42.2	43.5	-3.0%
Taxation	(iii)	(7.4)	(8.7)	-15.2%
Net profit		34.8	34.8	0.0%
Other comprehensive income		(0.8)	(1.0)	-22.1%
Total comprehensive income for the period		34.0	33.8	0.7%
Attributable to:-				
Shareholders of the company		34.1	33.8	0.9%
Non-controlling interests		(0.1)	-	N.M.
Total Comprehensive income for the year		34.0	33.8	0.7%
Earnings per share (cents)				
Basic		3.8	3.7	2.7%
Diluted		3.8	3.7	2.7%
EBITDA (S\$m)		75.4	77.2	-2.3%

The net profit included the following:

	1Q2018 S\$m	1Q2017 S\$m
Other revenue including interest income	(0.3)	(0.8)
Interest on borrowings	2.8	2.0
Depreciation and amortisation	30.4	31.7
Loss allowance on trade receivables	2.1	2.0
Provision/(write-back) for inventory obsolescence	(0.2)	-
Foreign exchange (gain)/loss, net	0.2	(0.1)
(Gain)/loss on disposal of fixed assets	(*)	(2.4)

N.M. Not Meaningful

* Denotes less than S\$0.05 million



1(b) Statements of Financial Position as at:

	Note	Group		Company	
		31 Mar 2018	31 Dec 2017	31 Mar 2018	31 Dec 2017
		S\$'m	S\$'m	S\$'m	S\$'m
Non-current assets:					
Fixed assets		758.7	762.3	728.2	731.7
Capitalised Contract Cost		1.3	1.3	1.0	1.0
Contract Asset		37.9	39.5	36.1	38.2
Licences and spectrum rights		139.4	143.5	139.4	143.5
Other intangibles		14.8	14.9	-	-
Staff loans		0.5	0.4	0.5	0.4
Investment securities		25.8	25.5	-	-
Investment in associate		2.6	2.7	-	-
Interest in subsidiaries		-	-	9.5	7.1
Due from subsidiaries		-	-	31.7	30.7
		<u>981.0</u>	<u>990.2</u>	<u>946.4</u>	<u>952.6</u>
Current assets:					
Inventories		59.3	49.8	0.2	0.2
Trade receivables	(iv)	77.2	78.1	69.6	65.4
Capitalised Contract Cost		3.8	4.0	3.0	3.1
Contract Asset		113.8	118.6	108.4	114.5
Other receivables		31.1	39.1	26.0	31.9
Prepayments		12.7	13.3	11.3	12.2
Due from related companies		0.2	0.9	0.6	0.8
Investment securities		6.5	6.7	-	-
Cash and cash equivalents	(v)	72.7	46.5	67.0	43.4
		<u>377.3</u>	<u>357.0</u>	<u>286.1</u>	<u>271.5</u>
Current liabilities:					
Creditors and accruals		169.6	204.1	133.7	147.2
Contract Liability		4.3	5.4	4.3	5.4
Unearned revenue		33.6	31.3	30.4	28.1
Due to related companies		0.6	0.3	10.3	28.5
Taxation		49.3	41.8	43.5	36.0
		<u>257.4</u>	<u>282.9</u>	<u>222.3</u>	<u>245.3</u>
Net current assets		119.9	74.1	63.8	26.2
Non-current liabilities:					
Borrowings	(vi)	450.0	450.0	450.0	450.0
Deferred tax liabilities		120.5	120.6	116.5	117.2
Net assets		<u>530.4</u>	<u>493.6</u>	<u>443.7</u>	<u>411.6</u>
Represented by:					
Share capital		217.1	217.1	217.1	217.1
Share-based payments reserve		7.3	7.3	7.3	7.3
Treasury Shares		(27.1)	(27.3)	(27.1)	(27.3)
Fair value adjustment reserve		3.8	4.6	-	-
Retained profits		326.8	292.0	246.4	214.5
		<u>527.9</u>	<u>493.6</u>	<u>443.7</u>	<u>411.6</u>
Non-Controlling Interests		2.5	-	-	-
Total equity		<u>530.4</u>	<u>493.6</u>	<u>443.7</u>	<u>411.6</u>



1(c) Consolidated Cash Flow Statement for:

	1Q2018 S\$m	1Q2017 S\$m
Cash flows from operating activities:		
Profit before tax	42.2	43.5
Adjustments for:		
Share-based payment expenses	0.2	(0.1)
Depreciation of fixed assets	26.3	28.1
Gain on disposal of fixed assets	(*)	(2.4)
Amortisation	4.1	3.6
(Write-back)/write-down of inventories	(0.2)	-
Loss allowance on trade receivables	2.1	2.0
Interest income	(0.1)	(0.1)
Interest on borrowings	2.8	2.0
Share of loss of associate	*	0.1
Operating cash flows before working capital changes	77.4	76.7
Changes in:		
Inventories	(9.3)	(17.4)
Trade receivables	(1.2)	11.5
Capitalised Contract Cost	0.2	(0.2)
Contract Asset	6.4	0.4
Other receivables	8.0	(18.6)
Prepayments	0.6	0.2
Non-current staff loans	(*)	(*)
Creditors and accruals	(36.8)	(6.3)
Contract Liability	(0.5)	(0.4)
Unearned revenue	2.3	1.8
Related companies	1.0	0.8
Changes in working capital	(29.2)	(28.2)
Interest paid	(1.2)	(0.3)
Tax refund	0.1	*
Net cash flows from operating activities	47.1	48.2
Cash flows from investing activities:		
Purchase of fixed assets	(22.7)	(49.6)
Purchase of investment securities	(0.8)	(3.7)
Proceeds from disposal of fixed assets	*	18.8
Net cash flows used in investing activities	(23.5)	(34.4)
Cash flows from financing activities:		
Repayment of term loans	-	(17.3)
Proceeds from issuance of ordinary shares on exercise of employee share plan - treasury shares	*	0.1
Proceeds from issuance of ordinary shares by subsidiary	2.6	-
Net cash flows from/(used in) financing activities	2.6	(17.2)
Net changes in cash and cash equivalents	26.2	(3.5)
Cash and cash equivalents at beginning of financial period	46.5	11.0
Cash and cash equivalents at end of financial period	72.7	7.5

*Denotes less than S\$0.05 million



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

Group	Attributable to Equity Holders of the Company							Total Equity S\$'m
	Share Capital S\$'m	Share- Based Payment Reserve S\$'m	Treasury Shares S\$'m	Fair Value Adjustment Reserve S\$'m	Retained Profits S\$'m	Total S\$'m	Non- Controlling Interest S\$'m	
As at 1 Jan 18, as previously stated	217.1	7.3	(27.3)	4.6	227.2	428.9	-	428.9
Impact on adoption of new accounting policy	-	-	-	-	64.8	64.8	-	64.8
As at 1 Jan 18, as restated	217.1	7.3	(27.3)	4.6	292.0	493.6	0.0	493.6
Net Profit	-	-	-	-	34.8	34.8	(0.1)	34.8
<u>Other comprehensive income</u>								
Fair value adjustment reserve	-	-	-	(0.8)	-	(0.8)	-	(0.8)
Total comprehensive income for the period	-	-	-	(0.8)	34.8	34.1	(0.1)	34.0
Treasury shares transferred pursuant to share plans	-	(0.2)	0.2	-	-	-	-	(0.0)
Expenses on share-based payment	-	0.2	-	-	-	-	-	0.2
Change in non-controlling interests	-	-	-	-	-	-	2.6	2.6
As at 31 Mar 2018	217.1	7.3	(27.1)	3.8	326.8	527.9	2.5	530.4

Group	Attributable to Equity Holders of the Company					
	Share Capital S\$'m	Share- based payment Reserve S\$'m	Treasury Shares S\$'m	Fair Value Adjustment Reserve S\$'m	Retained Profits S\$'m	Total Equity S\$'m
As at 1 Jan 2017, as previously stated	217.2	6.7	(18.6)	0.2	198.0	403.4
Impact on adoption of new accounting policy	-	-	-	-	58.2	58.2
As at 1 Jan 17, as restated	217.2	6.7	(18.6)	0.2	256.2	461.6
Net Profit (restated)	-	-	-	-	34.8	34.8
<u>Other comprehensive income</u>						
Fair value adjustment reserve	-	-	-	(1.0)	-	(1.0)
Total comprehensive income for the period	-	-	-	(1.0)	34.8	33.8
Issuance of ordinary shares on exercise of employee share options	-	(0.2)	-	-	-	(0.2)
Treasury shares transferred pursuant to share plans	-	-	0.1	-	-	0.1
Expenses on share-based payment	-	0.1	-	-	-	0.1
As at 31 Mar 2017	217.2	6.6	(18.5)	(0.8)	290.9	495.3



Company	Attributable to Equity Holders of the Company				
	Share Capital	Share-based payment Reserve	Treasury Shares	Retained Profits	Total Equity
	S\$'m	S\$'m	S\$'m	S\$'m	S\$'m
As at 1 Jan 18, as previously stated	217.1	7.3	(27.3)	158.9	355.9
Impact on adoption of new accounting policy	0.0	0.0	0.0	55.6	55.6
As at 1 Jan 18, as restated	217.1	7.3	(27.3)	214.5	411.6
Total comprehensive income for the period	-	-	-	31.9	31.9
Treasury shares transferred pursuant to share plans	-	(0.2)	0.2	-	(0.0)
Expenses on share-based payment	-	0.2	-	-	0.2
As at 31 Mar 2018	217.1	7.3	(27.1)	246.4	443.7

Company	Attributable to Equity Holders of the Company				
	Share Capital	Share-based payment Reserve	Treasury Shares	Retained Profits	Total Equity
	S\$'m	S\$'m	S\$'m	S\$'m	S\$'m
As at 1 Jan 17, as previously stated	217.2	6.7	(18.6)	153.6	358.8
Impact on adoption of new accounting policy	-	-	-	57.5	57.5
As at 1 Jan 17, as restated	217.2	6.7	(18.6)	211.1	416.3
Total comprehensive income for the period (restated)	-	-	-	30.9	30.9
Issuance of ordinary shares on exercise of employee share options	-	(0.2)	-	-	(0.2)
Treasury shares transferred pursuant to share plans	-	-	0.1	-	0.1
Expenses on share-based payment	-	0.1	-	-	0.1
As at 31 Mar 2017	217.2	6.6	(18.5)	242.0	447.2



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

	Share options		Ordinary shares		Treasury shares	
	1Q2018	1Q2017	1Q2018	1Q2017	1Q2018	1Q2017
As at 1 Jan	33,374,700	37,207,700	925,114,782	930,022,782	12,123,000	7,215,000
Exercised during the financial period	(5,000)	(35,000)	5,000	35,000	-	-
Cancelled during the financial period	(75,000)	(1,346,000)	-	-	-	-
Treasury shares transferred pursuant to share plans	-	-	80,700	-	(85,700)	(35,000)
As at 31 Mar	33,294,700	35,826,700	925,200,482	930,057,782	12,037,300	7,180,000

1(e) Notes to Financial Statements

(i) Operating Revenue

	Group	
	1Q2018	1Q2017
	S\$'m	S\$'m
Operating revenue		
Mobile telecommunications services	140.9	137.4
International call services	11.9	13.9
Fixed services	31.9	28.0
Total service revenue	184.7	179.3
Handset sales	69.3	73.5
Total	254.1	252.8

(ii) Operating Expenses

	Group	
	1Q2018	1Q2017
	S\$'m	S\$'m
Cost of sales	102.3	107.2
Staff costs	31.6	29.9
Advertising and promotion expenses	4.2	4.0
Depreciation and amortisation	30.4	31.7
Loss allowance on trade receivables	2.1	2.0
Facilities expenses	22.5	20.1
Leased circuit costs	8.4	8.2
Licence fees	1.0	0.9
Other general and administrative expenses	6.6	4.2
Foreign exchange (gain)/loss	0.2	(0.1)
Total	209.3	208.1



(iii) Taxation

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

	Group	
	1Q2018	1Q2017
	S\$'m	S\$'m
Current tax		
- Current provision	7.6	7.6
Deferred tax		
- Under provision in prior year	-	-
- Movement in temporary differences	(0.2)	1.1
Income tax expense	7.4	8.7

(iv) Trade receivables

	Group		Company	
	31 Mar 2018	31 Dec 2017	31 Mar 2018	31 Dec 2017
	S\$'m	S\$'m	S\$'m	S\$'m
Mobile and fixed services				
- Billed	51.1	53.5	51.1	53.5
- Accrued service revenue	11.5	9.6	13.4	9.6
Others				
- Billed	22.9	23.9	13.4	11.1
- Accrued	1.2	1.2	1.2	1.2
	86.7	88.2	79.1	75.4
Loss allowance on trade receivables	(9.5)	(10.1)	(9.5)	(10.1)
	77.2	78.1	69.6	65.4

(v) Cash and cash equivalents comprise:

	Group		Company	
	31 Mar 2018	31 Dec 2017	31 Mar 2018	31 Dec 2017
	S\$'m	S\$'m	S\$'m	S\$'m
Cash and bank balances	72.7	46.5	67.0	43.4
	72.7	46.5	67.0	43.4



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

Amount repayable in one year or less, or on demand

As at 31 March 2018		As at 31 December 2017	
Secured	Unsecured	Secured	Unsecured
Nil	Nil	Nil	Nil

Amount repayable after one year

As at 31 March 2018		As at 31 December 2017	
Secured	Unsecured	Secured	Unsecured
Nil	S\$450m	Nil	S\$450.0m

Details of any collateral

None.

The \$450 million long term loan comprises:-

- (a) \$250 million long term loan that was refinanced in May 2016 at an effective interest rate of 2.65% per annum and is repayable in full in May 2021.
- (b) \$200 million long term loans with an effective interest rate at 2.45% per annum and are repayable in full by July 2020.



2(a) NEGATIVE ASSURANCE

We, DANNY TEOH LEONG KAY 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 2018 financial results to be false or misleading.

On behalf of the directors

DANNY TEOH LEONG KAY
Director

KAREN KOOI
Director

Singapore
16 April 2018

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 SFRS (I) 1-34, Interim Financial Reporting.

The financial statements have been prepared on a historical cost basis except for financial instruments that have been measured at their fair value.

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 2017, except for the adoption of new or revised Financial Reporting Standards SFRS (I) 1-34 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 statement of the Group and the Company, except as stated below.



The Accounting Standards Council announced on 29 May 2014 that Singapore incorporated companies listed on the Singapore Exchange will apply a new financial reporting framework identical to the International Financial Reporting Standards. The Group has adopted the new financial reporting framework on 1 January 2018. Other than the adoption of the new standards that are effective on 1 January 2018, the new framework will have no material impact on the financial statements in the year of application except as follows:-

SFRS (I) 15 Revenue from Contracts with Customers

SFRS (I) 15 establishes a five step model to account for revenue arising from contracts with customers, and introduces new contract costs guidance. Under SFRS (I) 15, revenue is recognized at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer. The new revenue standard is effective for annual periods beginning or after 1 January 2018. The Group and Company has applied the changes in accounting policies retrospectively to each reporting year presenting, using the full retrospective approach. As such, the comparative 2017 figures in this report is not comparable to previously announced 2017 figures.

SFRS (I) 9 Financial Instruments

SFRS (I) 9 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting, and is effective for annual periods beginning on or after 1 January 2018. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in SFRS (I) 9 are based on an expected credit loss model and replace the FRS 39 incurred loss model.

The Group and Company adopted the new standard on the required effective date without restating prior periods' information and recognizes any difference between the previous carrying amount and the carrying amount at the beginning of the annual reporting period at the date of initial application in the opening retained earnings.

5. EARNINGS PER SHARE

	1Q2018	1Q2017	Change
Earnings per ordinary share of the Group based on the net profit attributable to shareholders:-			
(i) Based on weighted average number of shares	3.8 cts	3.7cts	2.7%
- Weighted average number of shares ('000)	925,171	930,027	-0.5%
(ii) On fully diluted basis	3.8 cts	3.7cts	2.7%
- Adjusted weighted average number of shares ('000)	925,181	930,071	-0.5%



6. NET ASSET VALUE

	Group		Company	
	31 Mar 2018	31 Dec 2017	31 Mar 2018	31 Dec 2017
Net asset value per share (cents)	57.3	53.4	48.0	44.3

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:

	1Q2018	1Q2017
	S\$'m	S\$'m
Sales	(1.5)	(2.9)
Purchases	3.7	4.5



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).

	1Q2018
	S\$'000
Transactions for the purchase of goods and services	
Singapore Telecommunications Limited & its associates	11,779
Axiata Group Berhad	835
Keppel Logistics Pte Ltd	324
Starhub Ltd	4,891
Temasek Holdings (Private) Limited & its associates	848
Transactions for the sale of goods and services	
Singapore Telecommunications Limited & its associates	4,492
Axiata Group Berhad	606
Starhub Ltd	1,324
Temasek Holdings (Private) Limited & its associates	25
Total Interested Person Transactions	<u>25,124</u>

11. REVIEW OF PERFORMANCE OF THE GROUP

Please refer to the Management Discussion and Analysis of the Group for the first quarter financial results ended 31 March 2018.

12. AUDITORS' REPORT

Not applicable.



13. REVIEW OF PERFORMANCE

	Group		YoY Change	Group	Change
	1Q2018 S\$'m	1Q2017 S\$'m		4Q2017 S\$'m	(1Q2018 vs 4Q2017)
<u>Revenues</u>					
Operating revenue					
Mobile telecommunications services	140.9	137.4	2.6%	143.5	-1.8%
International call services	11.9	13.9	-14.8%	14.0	-15.5%
Fixed services	31.9	28.0	13.9%	33.8	-5.4%
Total service revenue	184.7	179.3	3.0%	191.3	-3.4%
Handset sales	69.3	73.5	-5.6%	110.4	-37.2%
Total	254.1	252.8	0.5%	301.7	-15.8%
<u>Key Drivers</u>					
Number of customers ('000)					
Postpaid	1,304	1,271	2.6%	1,292	0.9%
Prepaid	688	775	-11.2%	747	-7.9%
Total Mobile	1,992	2,046	-2.6%	2,038	-2.3%
Fibre	194	168	15.3%	189	2.7%
Total	2,186	2,214	-1.3%	2,227	-1.9%
Mobile market share ^					
Postpaid	25.3%	24.9%	-	25.4%	-
Prepaid	22.0%	22.6%	-	22.2%	-
Overall	24.0%	24.0%	-	24.1%	-
Mobile penetration rate ^	150.4%	150.9%	-	150.8%	-
Monthly minutes of use per active customer (per month)					
Postpaid	178	191	-6.8%	185	-3.9%
Prepaid	117	172	-31.9%	131	-10.1%
Average monthly churn rate	1.0%	1.0%	-	1.2%	-0.2 pts
Acquisition cost per postpaid customer	S\$411	S\$366	12.4%	S\$473	-13.0%

^ Based on latest published statistics.



13.1 Operating Revenue

For the quarter ended 31 March 2018 (“1Q2018”), operating revenue at S\$254.1m was 0.5% higher YoY mainly due to higher fixed services revenue and mobile telecommunications services. Compared to 4Q2017, it was 15.8% lower.

13.1.1 Key Drivers

As at 31 March 2018, our customer base stood at 2,186,000, 1.3% lower than last year. Compared to 4Q2017, it was 1.9% lower. Market share was 24.0% as at end January 2018.

YoY, Churn rate was stable at 1.0%. Compared to 4Q2017, it decreased 0.2% point.

YoY, customer acquisition cost increased 12.4% to \$411 for 1Q2018. Compared to 4Q2017, it was 13.0% lower.

13.1.2 Mobile Telecommunications Services

	<u>Group</u>			<u>Group</u>		<u>Change</u>
	<u>1Q2018</u>	<u>1Q2017</u>	<u>YoY</u>	<u>4Q2017</u>	<u>(1Q2018</u>	
	<u>S\$’m</u>	<u>S\$’m</u>	<u>Change</u>	<u>S\$’m</u>	<u>vs</u>	<u>4Q2017)</u>
Telecommunications revenue						
Postpaid	127.3	122.0	4.3%	129.0	-1.3%	
Prepaid	13.6	15.3	-11.2%	14.5	-5.9%	
Total	140.9	137.4	2.6%	143.5	-1.8%	
ARPU (per month)						
Postpaid (net)	S\$41.0	S\$41.3	-0.7%	S\$41.9	-2.1%	
Postpaid (gross)	S\$54.6	S\$55.7	-2.0%	S\$56.4	-3.2%	
Data plan (net)	S\$11.2	S\$13.7	-17.9%	S\$12.2	-7.9%	
Data plan (gross)	S\$11.6	S\$14.1	-17.6%	S\$12.7	-8.0%	
Prepaid	S\$9.9	S\$11.0	-9.4%	S\$10.5	-4.9%	
Fibre Broadband (net)	S\$39.8	S\$38.1	4.5%	S\$40.0	-0.5%	
Fibre Broadband (gross)	S\$43.7	S\$41.5	5.2%	S\$43.7	0.0%	
Mobile data contribution as a % of service revenue	61.3%	54.0%		58.2%		

YoY, mobile telecommunications revenue increased 2.6% to \$140.9m for 1Q2018. Against 4Q2017, it was 1.8% lower.

Postpaid revenue increased 4.3% YoY to \$127.3 m for 1Q2018. Compared to 4Q2017, it was 1.3% lower.

YoY, prepaid revenue decreased 11.2% to \$13.6m for 1Q2018. Against 4Q2017, it was 5.9% lower.



Average postpaid smartphone data usage increased to 4.5GB per month this quarter from 3.7GB per month a year ago. Mobile data contribution increased YoY by 7.3% points to 61.3 % for 1Q2018. Against 4Q2017, it was 3.1 % points higher.

13.1.3 International call services

	<u>Group</u>			<u>Group</u>	<u>Change</u>
	<u>1Q2018</u>	<u>1Q2017</u>	<u>YoY</u>	<u>4Q2017</u>	<u>(1Q2018</u>
	<u>S\$'m</u>	<u>S\$'m</u>	<u>Change</u>	<u>S\$'m</u>	<u>vs</u>
					<u>4Q2017)</u>
International call services					
Retail revenue	7.3	9.8	-25.0%	8.4	-12.4%
Wholesale and bilateral revenue	4.5	4.2	9.1%	5.7	-20.0%
Total	11.9	13.9	-14.8%	14.0	-15.5%
Total international retail minutes (in millions)	121	176	-31.5%	137	-11.7%

YoY, international call services revenue decreased 14.8% to \$11.9m for 1Q2018 due to lower retail revenue. Compared to 4Q2017, it was 15.5% lower.

13.1.4 Fixed services

Fixed services grew 13.9% to \$31.9m for 1Q2018 due to higher fibre customer base. Against 4Q2017, it was 5.4% lower.

13.1.5 Handset sales

For 1Q2018, it was 5.6% lower YoY. Compared to 4Q2017, it decreased by 37.2% QoQ mainly due to lower sales volume.



13.2 Operating Expenses

	Group		YoY	Group		Change (1Q2018 vs 4Q2017)
	1Q2018	1Q2017		4Q2017	Change	
	S\$'m	S\$'m	Change	S\$'m		
Cost of sales	102.3	107.2	-4.5%	146.3	-30.1%	
Staff costs	31.6	29.9	5.6%	33.0	-4.3%	
Advertising and promotion expenses	4.2	4.0	3.1%	5.4	-22.6%	
Depreciation & amortisation	30.4	31.7	-4.0%	34.0	-10.5%	
Loss allowance on trade receivables	2.1	2.0	5.1%	2.2	-6.4%	
Facilities expenses	22.5	20.1	11.8%	22.0	2.2%	
Leased circuit costs	8.4	8.2	2.7%	8.5	-1.1%	
Licence fees	1.0	0.9	12.8%	1.1	-6.4%	
Other general & administrative expenses	6.6	4.2	55.2%	7.3	-9.5%	
Foreign exchange (gain)/loss	0.2	(0.1)	@	(*)	@	
Total	209.3	208.1	0.6%	259.8	-19.4%	

* Denotes less than S\$0.05 million

@Denotes more than -/+300%

YoY, operating expenses increased 0.6% to \$209.3m for 1Q2018 mainly due to higher general and administrative expenses. Against 4Q2017, operating expenses was 19.4% lower.

13.2.1 Cost of sales

	Group		YoY	Group		Change (1Q2018 vs 4Q2017)
	1Q2018	1Q2017		4Q2017	Change	
	S\$'m	S\$'m	Change	S\$'m		
Handset costs	70.7	74.8	-5.5%	112.4	-37.1%	
Traffic expenses	7.7	9.8	-21.3%	9.9	-21.6%	
Wholesale costs of fixed services	14.2	13.8	2.5%	14.8	-4.1%	
Other costs	9.7	8.7	11.6%	9.2	5.4%	
Total	102.3	107.2	-4.5%	146.3	-30.1%	

Against 4Q2017, cost of sales decreased 30.1% due to lower handset sales. YoY, cost of sales decreased 4.5% to \$102.3m for 1Q2018 due to lower handset costs and traffic expenses. Handset costs and traffic expenses at S\$70.7m and S\$7.7m for 1Q2018, decreased 5.5% and 21.3% YoY and decreased 37.1% and 21.6% against 4Q2017. Wholesale costs of fixed services increased 2.5% YoY to \$14.2m for 1Q2018 and decreased 4.1% against 4Q2017.



13.2.2 Staff costs

Staff costs increased 5.6% YoY to \$31.6m for 1Q2018 due to salary increment.

13.2.3 Advertising and promotion expenses

For the quarter, advertising & promotion expenses increased 3.1% YoY to \$4.2m. Compare to 4Q2017, advertising and promotion expenses was 22.6% lower.

13.2.4 Depreciation and amortisation

Depreciation and amortisation expenses at \$30.4m for 1Q2018 was 4.0% lower YoY. Against 4Q2017, it was 10.5% lower.

13.2.5 Loss allowance on trade receivables

Loss allowance on trade receivables for 1Q2018 increased 5.1%. Against 4Q2017, it was 6.4% lower.

13.2.6 Facilities expenses

Facilities expenses at \$22.5m was 11.8% higher YoY. Against 4Q2017, it was 2.2% higher.

13.2.7 Leased circuit costs

Leased circuit costs at \$8.4m for 1Q2018, was 2.7% higher YoY. Against 4Q2017, leased circuit costs was 1.1% lower.

13.2.8 Other general and administrative expenses

Other general and administrative expenses was 55.2% higher YoY at \$6.6m for 1Q2018 as 1Q2017 benefited from gain on disposal of 2G network. Against 4Q2017, it was 9.5% lower.

13.3 Finance Costs

Compared to last year, finance costs increased 41.9% to \$2.8m for 1Q2018 due to higher borrowings and interest rate.

13.4 Taxation

YoY, provision for taxation decreased 15.2% to \$7.4m for 1Q2018.



13.5 Net Profit

	<u>Group</u>			<u>Group</u>	<u>Change</u>
	1Q2018	1Q2017	YoY	4Q2017	(1Q2018
	S\$'m	S\$'m	Change	S\$'m	vs
					4Q2017)
Net profit	34.8	34.8	0.0%	32.1	8.3%
Net profit margin (on service revenue)	18.8%	19.4%		16.8%	

YoY, net profit at \$34.8m for 1Q2018 is stable. Compared to the previous quarter, it was 8.3% higher.

Compared to the corresponding period last year, net profit margin was lower at 18.8% for 1Q2018. Against 4Q2017, it was 2.0% point higher.

13.6 EBITDA

	<u>Group</u>			<u>Group</u>	<u>Change</u>
	1Q2018	1Q2017	YoY	4Q2017	(1Q2018
	S\$'m	S\$'m	Change	S\$'m	vs
					4Q2017)
EBITDA	75.4	77.2	-2.3%	75.8	-0.5%
EBITDA margin (on service revenue)	40.8%	43.0%		39.6%	

YoY, EBITDA at \$75.4m for 1Q2018 were 2.3% lower. Compared to 4Q2017, it was 0.5% lower.

EBITDA margin, as a percentage of service revenue, was 40.8% for 1Q2018.

13.7 Capital Expenditure and Commitments

Capital expenditure incurred for 1Q2018 was \$22.7m as compared to \$49.6m for 1Q2017.

Capital commitment as at 31 March 2018 was \$199.8m which includes \$188.0m for the 700MHz spectrum.



13.8 Liquidity and Capital Resources

	Group			Group	Change
	1Q2018	1Q2017	YoY	4Q2017	(1Q2018
	S\$m	S\$m	Change	S\$m	vs
					4Q2017)
Profit before tax	42.2	43.5	-3.0%	38.9	8.5%
Non-cash item and net interest expense adjustments	34.1	32.9	3.6%	35.9	-4.9%
Net change in working capital	(29.2)	(28.2)	3.7%	(31.3)	-6.7%
Net cash provided by operating activities	47.1	48.2	-2.4%	43.5	8.4%
Net cash used in investing activities	(23.5)	(34.4)	-31.8%	(49.0)	-52.1%
Net cash from/(used in) financing	2.6	(17.2)	-115.0%	-	0.0%
Net change in cash and cash equivalents	26.2	(3.5)	@	(5.6)	@
Cash and cash equivalents at beginning of financial period	46.5	11.0	@	52.1	-10.7%
Cash and cash equivalents at end of financial period	72.7	7.5	@	46.5	56.3%
Free Cash flow	24.4	17.5	39.5%	(3.4)	@

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

@ Denotes more than +/-300%

YoY, operating cash flow decreased from \$48.2m to \$47.1m for 1Q2018. Against 4Q2017, it was 8.4% higher.

Free cash flow at \$24.4m for 1Q2018 was 39.5% higher YoY.

13.9 Gearing and Interest Cover

As at end March 2018, gearing ratio was 0.7 times compared to 0.8 times as at end December 2017. Interest coverage ratio (EBITDA/Interest) was 28.8 times for 1Q2018 compared to 31.4 times for 4Q2017.



13.10 Balance Sheet

Total non-current assets decreased 0.9% from \$996.9m as at 31 December 2017 to \$987.5m as at 31 March 18 mainly due to amortisation of licences and spectrum right.

Total current assets increased 5.9% from \$350.3m as at 31 December 2017 to \$370.8m as at 31 March 2018, mainly due to higher cash and cash equivalents.

Total current liabilities as at 31 March 2018 was \$257.4m, 9.0% lower than \$282.9m for 31 December 2017.

Against 31 December 2017, total equity as at 31 March 2018 was 7.5% higher at \$530.4m.

14. VARIANCE FROM PROSPECT STATEMENT

No forecast was made previously.

15. OUTLOOK

We operate in a fast moving digital era and face increasing competition from both new entrants and OTT service providers. While traditional telecommunication revenue remains under threat, the digital economy also presents new opportunities.

We are progressively scaling up our Info-Communication Technology (ICT) and digital capabilities. We are at the forefront of Internet-of-Things (IoT) solutions and are well placed to capture the growth in the Corporate and Government segment that is driven by digital transformation and Smart Nation initiatives.

M1 is a premium service provider competing on quality service and customer experience. We will continue to strengthen our telco core and enhance our offerings and value propositions to address the needs of our customers.

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
16 April 2018