



Second Quarter and Half Year 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	2Q2018 \$'m	2Q2017 \$'m	Change	1H2018 \$'m	1H2017 \$'m	Change
Operating revenue	(i)	253.2	249.0	1.7%	507.3	501.8	1.1%
Operating expenses	(ii)	(206.7)	(203.6)	1.5%	(416.0)	(411.7)	1.1%
Other revenue		0.5	0.4	10.5%	0.8	1.3	-41.9%
Finance costs		(2.9)	(2.1)	36.6%	(5.7)	(4.1)	39.2%
Share of loss of associates		(0.1)	(0.1)	-29.8%	(0.1)	(0.2)	-50.0%
Profit before tax		44.0	43.6	1.0%	86.2	87.1	-1.0%
Taxation	(iii)	(7.8)	(7.9)	-1.3%	(15.2)	(16.7)	-8.6%
Net profit		36.2	35.7	1.5%	71.0	70.5	0.8%
Other comprehensive income		0.9	0.8	14.9%	0.1	(0.2)	n.m.
Total comprehensive income for the period		37.1	36.5	1.8%	71.1	70.3	1.2%
Attributable to:-							
Shareholders of the company		37.3	36.5	2.1%	71.3	70.3	1.5%
Non-controlling interests		(0.1)	-	@	(0.2)	-	@
Total Comprehensive income for the period		37.1	36.5	1.8%	71.1	70.3	1.2%
Earnings per share (cents)							
Basic		3.9	3.8	2.6%	7.7	7.6	1.3%
Diluted		3.9	3.8	2.6%	7.7	7.6	1.3%
EBITDA (\$'m)		78.4	77.3	1.4%	153.8	154.5	-0.4%

^{n.m.} Non meaningful

@ Denotes more than -/+300%

The net profit included the following:

	2Q2018 \$'m	2Q2017 \$'m	1H2018 \$'m	1H2017 \$'m
Other revenue including interest income	(0.5)	(0.4)	(0.8)	(1.3)
Interest on borrowings	2.9	2.1	5.7	4.1
Depreciation and amortisation	31.4	31.6	61.8	63.2
Loss allowance on trade receivables	1.9	2.5	4.0	4.5
Write-back of inventory obsolescence	-	-	(0.2)	-
Foreign exchange (gain)/loss, net	(0.3)	0.2	(0.1)	0.1
(Gain)/loss on disposal of fixed assets	-	*	(*)	(2.4)

* Denotes less than \$0.05 million



1(b) Statements of Financial Position as at:

	Note	Group		Company	
		30 Jun 2018	31 Dec 2017	30 Jun 2018	31 Dec 2017
		\$'m	\$'m	\$'m	\$'m
Non-current assets:					
Fixed assets		759.2	762.3	727.0	731.7
Capitalised contract cost		1.2	1.3	0.9	1.0
Contract asset		35.6	39.5	33.8	38.2
Licences and spectrum rights		135.3	143.5	135.3	143.5
Other intangibles		14.8	14.9	-	-
Staff loans		0.5	0.4	0.5	0.4
Investment securities		25.2	25.5	-	-
Investment in associates		5.5	2.7	-	-
Interest in subsidiaries		-	-	9.6	7.1
Due from subsidiaries		-	-	33.2	30.7
		<u>977.3</u>	<u>990.2</u>	<u>940.2</u>	<u>952.6</u>
Current assets:					
Inventories		45.3	49.8	0.1	0.2
Trade receivables	(iv)	87.3	78.1	78.7	65.4
Capitalised contract cost		3.5	4.0	2.7	3.1
Contract asset		106.8	118.6	101.4	114.5
Other receivables		22.9	39.1	17.3	31.9
Prepayments		13.5	13.3	11.9	12.2
Due from related companies		0.4	0.9	0.4	0.8
Investment securities		6.8	6.7	-	-
Cash and cash equivalents	(v)	55.1	46.5	51.1	43.4
		<u>341.5</u>	<u>357.0</u>	<u>263.6</u>	<u>271.5</u>
Current liabilities:					
Creditors and accruals		157.5	204.1	131.2	147.2
Contract liability		4.0	5.4	4.0	5.4
Unearned revenue		32.5	31.3	29.1	28.1
Due to related companies		0.7	0.3	15.6	28.5
Taxation		43.1	41.8	39.0	36.0
		<u>237.9</u>	<u>282.9</u>	<u>218.9</u>	<u>245.3</u>
Net current assets		103.7	74.1	44.8	26.2
Non-current liabilities:					
Borrowings	(vi)	450.0	450.0	450.0	450.0
Deferred tax liabilities		120.4	120.6	115.7	117.2
Net assets		<u>510.6</u>	<u>493.6</u>	<u>419.2</u>	<u>411.6</u>
Represented by:					
Share capital		217.0	217.1	217.0	217.1
Share option reserve		5.9	7.3	5.9	7.3
Treasury shares		(26.4)	(27.3)	(26.4)	(27.3)
Fair value adjustment reserve		4.7	4.6	-	-
Retained profits		306.9	292.0	222.6	214.5
Non-controlling interests		2.4	-	-	-
Total shareholders' equity		<u>510.6</u>	<u>493.6</u>	<u>419.2</u>	<u>411.6</u>



1(c) Consolidated Cash Flow Statement for:

	2Q2018 \$'m	2Q2017 \$'m	1H2018 \$'m	1H2017 \$'m
Cash flows from operating activities:				
Profit before tax	44.0	43.6	86.2	87.1
Adjustments for:				
Share-based payment expenses	0.3	0.1	0.6	0.1
Depreciation of fixed assets	27.3	27.8	53.6	55.9
Loss/(Gain) on disposal of fixed assets	-	*	(*)	(2.4)
Amortisation	4.1	3.8	8.2	7.4
Write-back of inventories	-	-	(0.2)	-
Loss allowance on trade receivables	1.9	2.5	4.0	4.5
Interest income	(0.3)	(0.1)	(0.4)	(0.2)
Interest on borrowings	2.8	2.1	5.7	4.1
Share of loss of associate	0.1	0.1	0.1	0.2
Operating cash flows before working capital changes	80.4	80.0	157.8	156.6
Changes in:				
Inventories	14.0	8.4	4.7	(9.0)
Trade receivables	(12.0)	2.9	(13.2)	14.4
Capitalised contract cost	0.4	(0.1)	0.7	(0.3)
Contract asset	9.3	4.0	15.7	4.4
Other receivables	8.3	(8.3)	16.4	(26.9)
Prepayments	(0.7)	0.5	(0.1)	0.7
Creditors and accruals	(13.3)	(10.6)	(46.7)	(16.8)
Contract liability	(0.3)	0.3	(1.4)	(0.1)
Unearned revenue	1.8	0.3	1.2	2.2
Related companies	*	0.1	1.0	0.8
Changes in working capital	7.4	(2.3)	(21.9)	(30.5)
Interest received	0.2	*	0.2	*
Interest paid	(4.5)	(3.7)	(5.7)	(4.1)
Tax paid	(14.1)	(13.9)	(14.0)	(13.9)
Net cash flows from operating activities	69.4	60.0	116.5	108.2
Cash flows from investing activities:				
Purchase of fixed assets	(27.8)	(27.1)	(50.5)	(76.6)
Purchase of spectrum rights	-	(20.0)	-	(20.0)
Purchase of long-term investments	(0.3)	(2.5)	(1.1)	(6.2)
Acquisition in an associated company	(1.5)	-	(1.5)	*
Proceeds from disposal of fixed assets	-	*	*	18.8
Net cash flows used in investing activities	(29.6)	(49.5)	(53.1)	(84.0)
Cash flows from financing activities:				
Proceeds from loans	-	151.4	-	151.4
Repayment of term loans	-	(108.5)	-	(125.8)
Purchase of treasury shares	-	-	-	-
Proceeds from issuance of ordinary shares on exercise of employee share options - treasury shares	*	0.1	*	0.2
Proceeds from issuance of ordinary shares by subsidiary	-	-	2.6	-
Dividends paid to shareholders	(57.4)	(54.9)	(57.4)	(54.9)
Net cash flows used in financing activities	(57.4)	(11.9)	(54.8)	(29.1)
Net changes in cash and cash equivalents	(17.6)	(1.4)	8.6	(4.9)
Cash and cash equivalents at beginning of financial period	72.7	7.5	46.5	11.0
Cash and cash equivalents at end of financial period	55.1	6.1	55.1	6.1

*Denotes less than \$0.05 million



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

Group	Attributable to Equity Holders of the Company							
	Share Capital \$'m	Share-Based Payment Reserve \$'m	Treasury Shares \$'m	Fair Value Adjustment Reserve \$'m	Retained Profits \$'m	Total \$'m	Non-Controlling Interest \$'m	Total \$'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	-	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 option plans	-	(0.2)	0.2	-	-	-	-	-
Expenses on share options	-	0.2	-	-	-	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
Net Profit	-	-	-	-	36.3	36.3	(0.1)	36.2
<u>Other comprehensive income</u>								
Fair value adjustment reserve	-	-	-	0.9	-	0.9	-	0.9
Total comprehensive income for the period	-	-	-	0.9	36.3	37.3	(0.1)	37.1
Treasury shares transferred pursuant to share option plans	(0.1)	(0.7)	0.7	-	-	(0.1)	-	(0.1)
Expenses on share options	-	0.4	-	-	-	0.4	-	0.4
Dividends	-	-	-	-	(57.4)	(57.4)	-	(57.4)
Expiry of employee share options	-	(1.1)	-	-	1.1	-	-	-
As at 30 Jun 2018	217.0	5.9	(26.4)	4.7	306.9	508.1	2.4	510.6



Group	Attributable to Equity Holders of the Company					
	Share Capital	Share-based payment Reserve	Treasury Shares	Fair Value Adjustment Reserve	Retained Profits	Total
	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m
As at 1 January 2017	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 option plans	-	-	0.1	-	-	0.1
Expenses on share options	-	0.1	-	-	-	0.1
As at 31 Mar 2017	217.2	6.6	(18.5)	(0.8)	290.9	495.3
Net Profit		-	-	-	35.7	35.7
<u>Other comprehensive income</u>						
Fair value adjustment reserve	-	-	-	0.8	-	0.8
Total comprehensive income for the period	-	-	-	0.8	35.7	36.5
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 Jun 2017	217.1	6.7	(18.4)	-	271.7	477.3

* Denotes less than \$0.05 million



Company	Attributable to Equity Holders of the Company				
	Share Capital	Share-based payment Reserve	Treasury Shares	Retained Profits	Total
	\$'m	\$'m	\$'m	\$'m	\$'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	-	-	-	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 option plans	-	(0.2)	0.2	-	(*)
Expenses on share options	-	0.2	-	-	0.2
As at 31 Mar 2018	217.1	7.3	(27.1)	246.4	443.7
Total comprehensive income for the period	-	-	-	32.5	32.5
Treasury shares transferred pursuant to share option plans	(0.1)	(0.7)	0.7	-	(0.1)
Expenses on share options	-	0.4	-	-	0.4
Dividends	-	-	-	(57.4)	(57.4)
Expiry of employee share options	-	(1.1)	-	1.1	-
As at 30 Jun 2018	217.0	5.9	(26.4)	222.6	419.2

* Denotes less than \$0.05 million



Company	Attributable to Equity Holders of the Company				
	Share Capital	Share-based payment Reserve	Treasury Shares	Retained Profits	Total
	\$'m	\$'m	\$'m	\$'m	\$'m
As at 1 Jan 2017	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	-	-	-	30.9	30.9
Issuance of ordinary shares on exercise of employee share options	-	(0.2)	-	-	(0.2)
Treasury shares transferred pursuant to share-based payment 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
Total comprehensive income for the period	-	-	-	30.9	30.9
Treasury shares transferred pursuant to share-based payment plans	(0.1)	-	0.1	-	-
Expenses on share-based payment	-	0.1	-	-	0.1
Dividends	-	-	-	(54.9)	(54.9)
As at 30 Jun 2017	217.1	6.7	(18.4)	218.1	423.6

* Denotes less than \$0.05 million



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

No. of Shares	Share options		Ordinary shares		Treasury shares	
	2Q2018	2Q2017	2Q2018	2Q2017	2Q2018	2Q2017
As at 1 April	33,294,700	35,826,700	925,200,482	930,057,782	12,037,300	7,180,000
Exercised during the financial period	(15,000)	(57,000)	15,000	57,000	-	-
Cancelled during the financial period	(5,275,700)	-	-	-	-	-
Treasury shares transferred pursuant to share option plans	-	-	313,600	-	(328,600)	(57,000)
As at 30 June	28,004,000	35,769,700	925,529,082	930,114,782	11,708,700	7,123,000

1(e) Notes to Financial Statements

(i) Operating Revenue

	Group		Group	
	2Q2018	2Q2017	1H2018	1H2017
	\$'m	\$'m	\$'m	\$'m
Operating revenue				
Mobile telecommunications services	146.2	140.8	287.1	278.1
International call services	10.2	14.0	22.1	28.0
Fixed services	36.7	28.8	68.6	56.8
Total service revenue	193.0	183.6	377.8	362.9
Handset sales	60.2	65.4	129.5	138.9
Total	253.2	249.0	507.3	501.8

(ii) Operating expenses

	Group		Group	
	2Q2018	2Q2017	1H2018	1H2017
	\$'m	\$'m	\$'m	\$'m
Cost of sales	97.6	96.9	199.9	204.1
Staff costs	31.2	29.3	62.8	59.2
Advertising and promotion expenses	4.2	5.0	8.4	9.1
Depreciation and amortisation	31.4	31.6	61.8	63.2
Loss allowance on trade receivables	1.9	2.5	4.0	4.5
Facilities expenses	23.7	22.4	46.2	42.5
Leased circuit costs	8.7	8.1	17.1	16.3
Licence fees	1.3	0.9	2.3	1.8
Other general and administrative expenses	7.0	6.7	13.6	10.9
Foreign exchange (gain)/loss, net	(0.3)	0.2	(0.1)	0.1
Total	206.7	203.6	416.0	411.7



(iii) Taxation

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

	Group		Group	
	2Q2018	2Q2017	1H2018	1H2017
	\$'m	\$'m	\$'m	\$'m
Current tax				
- Current provision	7.9	8.0	15.5	15.7
Deferred tax				
- Movement in temporary differences	(0.1)	(0.1)	(0.2)	1.0
Income tax expense	7.8	7.9	15.2	16.7

(iv) Trade receivables

	Group		Company	
	30 Jun 2018	31 Dec 2017	30 Jun 2018	31 Dec 2017
	\$'m	\$'m	\$'m	\$'m
Mobile and fixed services				
- Billed	54.6	53.5	54.6	53.5
- Accrued service revenue	17.2	9.6	19.1	9.6
Others				-
- Billed	23.6	23.9	13.1	11.1
- Accrued	1.1	1.2	1.1	1.2
	96.5	88.2	87.9	75.4
Loss allowance on trade receivables	(9.3)	(10.1)	(9.2)	(10.1)
	87.3	78.1	78.7	65.4

(v) Cash and cash equivalents comprise:

	Group		Company	
	30 Jun 2018	31 Dec 2017	30 Jun 2018	31 Dec 2017
	\$'m	\$'m	\$'m	\$'m
Cash and bank balances	55.1	46.5	51.1	43.4



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

Amount repayable in one year or less, or on demand

As at 30 June 2018		As at 31 December 2017	
Secured	Unsecured	Secured	Unsecured
Nil	Nil	Nil	Nil

Amount repayable after one year

As at 30 June 2018		As at 31 December 2017	
Secured	Unsecured	Secured	Unsecured
Nil	\$450.0m	Nil	\$450.0m

Details of any collateral

None.

The \$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 \$200 million long term loan is unsecured and bears an effective interest rate at 2.45% per annum and is repayable in full in June 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 Second Quarter and Half Year ended 30 June 2018 financial results to be false or misleading.

On behalf of the directors

DANNY TEOH LEONG KAY
Chairman

KAREN KOOI
Director

Singapore
27 July 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 on 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

	2Q2018	2Q2017	Change	1H2018	1H2017	Change
Earnings per ordinary share of the Group based on the net profit attributable to shareholders:-						
(i) Based on weighted average number of shares	3.9cts	3.8cts	2.6%	7.7cts	7.6cts	1.3%
- Weighted average number of shares ('000)	925,313	930,086	-0.5%	925,242	930,057	-0.5%
(ii) On fully diluted basis	3.9cts	3.8cts	2.6%	7.7cts	7.6cts	1.3%
- Adjusted weighted average number of shares ('000)	925,320	930,151	-0.5%	925,251	930,112	-0.5%



6. NET ASSET VALUE

	Group		Company	
	30 Jun 2018	31 Dec 2017	30 Jun 2018	31 Dec 2017
Net asset value per share (cents)	55.2	53.4	45.3	44.3

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	5.2 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 2018 will be paid on 17 August 2018 to shareholders registered in the Register of Members of the Company at 5.00pm on 10 August 2018.



(d) Books Closure Date

NOTICE IS HEREBY GIVEN that the Register of Members and the Transfer Books of the Company will be closed from 13 August 2018 to 14 August 2018 (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 10 August 2018, 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:

	2Q2018	2Q2017	1H2018	1H2017
	\$'m	\$'m	\$'m	\$'m
Sales	(3.5)	(3.5)	(5.0)	(6.4)
Purchases	3.7	4.9	7.4	9.4



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 \$100,000).

	2Q2018	1H2018
	\$'000	\$'000
Transactions for the purchase of goods and services		
Singapore Telecommunications Limited & its associates	11,741	23,520
Axiata Group Berhad	1,039	1,874
Keppel Logistics Pte Ltd	290	614
Starhub Ltd & its associates	5,291	10,182
Temasek Holdings (Private) Limited & its associates	1,426	2,275
Transactions for the sale of goods and services		
Singapore Telecommunications Limited & its associates	2,054	6,546
Axiata Group Berhad	318	924
Starhub Ltd & its associates	1,265	2,590
Temasek Holdings (Private) Limited & its associates	25	50
Total Interested Person Transactions	23,449	48,575

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 2018.

12. AUDITORS' REPORT

Not applicable.



13. REVIEW OF PERFORMANCE

	Group		YoY Change	Group		YoY Change	Group	Change (2Q2018 vs 1Q2018)
	2Q2018 \$'m	2Q2017 \$'m		1H2018 \$'m	1H2017 \$'m		1Q2018 \$'m	
Revenues								
Operating revenue								
Mobile telecommunications services	146.2	140.8	3.8%	287.1	278.1	3.2%	140.9	3.7%
International call services	10.2	14.0	-27.3%	22.1	28.0	-21.1%	11.9	-14.1%
Fixed services	36.7	28.8	27.4%	68.6	56.8	20.7%	31.9	14.9%
Total service revenue	193.0	183.6	5.2%	377.8	362.9	4.1%	184.7	4.5%
Handset sales	60.2	65.4	-8.0%	129.5	138.9	-6.8%	69.3	-13.2%
Total	253.2	249.0	1.7%	507.3	501.8	1.1%	254.1	-0.3%
Key Drivers								
Number of customers ('000)								
Postpaid	1,338	1,267	5.6%	1,338	1,267	5.6%	1,304	2.7%
Prepaid	625	777	-19.5%	625	777	-19.5%	688	-9.1%
Total Mobile	1,964	2,044	-3.9%	1,964	2,044	-3.9%	1,992	-1.4%
Fibre	200	176	13.4%	200	176	13.4%	194	2.8%
Total	2,164	2,220	-2.5%	2,164	2,220	-2.5%	2,186	-1.0%
Mobile market share ^								
Postpaid	25.4%	25.0%	-	25.4%	25.0%	-	25.4%	-
Prepaid	20.5%	22.9%	-	20.5%	22.9%	-	21.2%	-
Overall	23.6%	24.1%	-	23.6%	24.1%	-	23.8%	-
Mobile penetration rate ^	148.9%	150.8%	-	148.9%	150.8%	-	149.3%	-
Monthly minutes of use per active customer (per month)								
Postpaid	182	194	-6.1%	180	192	-6.3%	178	1.9%
Prepaid	117	148	-20.7%	117	160	-26.7%	117	0.0%
Average monthly churn rate	1.0%	1.7%	-	1.0%	1.4%	-	1.0%	-
Acquisition cost per postpaid customer	\$355	\$379	-6.3%	\$384	\$372	3.1%	\$411	-13.6%

^ Based on latest published statistics April 2018.



13.1 Operating Revenue

YoY, operating revenue at \$253.2m for 2Q2018 and \$507.3m for 1H2018 were 1.7% and 1.1% higher respectively mainly due to higher fixed services revenue. Compared to 1Q2018, it was 0.3% lower due to lower handset sales.

13.1.1 Key Drivers

As at 30 June 2018, our customer base stood at 2,164,000, 2.5% lower than last year. Compared to 1Q2018, it was 1.0% lower. Market share was 23.6% at end April 2018.

Churn rate at 1.0% for 2Q2018 was lower YoY and stable QoQ.

YoY, postpaid customer acquisition cost decreased 6.3% to \$355 for 2Q2018 and increased 3.1% to \$384 for 1H2018. Compared to 1Q2018, it was 13.6% lower.

13.1.2 Mobile Telecommunications Services

	<u>Group</u>		YoY Change	<u>Group</u>		YoY Change	<u>Group</u>	Change (2Q2018 vs 1Q2018)
	2Q2018 \$'m	2Q2017 \$'m		1H2018 \$'m	1H2017 \$'m		1Q2018 \$'m	
Telecommunications revenue								
Postpaid	132.6	125.5	5.7%	259.9	247.5	5.0%	127.3	4.2%
Prepaid	13.6	15.3	-11.3%	27.2	30.6	-11.3%	13.6	-0.4%
Total	<u>146.2</u>	<u>140.8</u>	3.8%	<u>287.1</u>	<u>278.1</u>	3.2%	<u>140.9</u>	3.7%
ARPU* (per month)								
Postpaid (net)	\$42.3	\$41.8	1.2%	\$41.7	\$41.5	0.5%	\$41.0	3.2%
Postpaid (gross)	\$55.6	\$55.8	-0.4%	\$55.1	\$55.7	-1.1%	\$54.6	1.8%
Data plan (net)	\$10.9	\$12.6	-13.5%	\$11.1	\$13.2	-15.9%	\$11.2	-2.7%
Data plan (gross)	\$11.3	\$13.0	-13.1%	\$11.5	\$13.6	-15.4%	\$11.6	-2.6%
Prepaid	\$10.5	\$10.5	-0.1%	\$10.2	\$10.8	-4.9%	\$9.9	6.0%
Fibre Broadband (net)	\$38.6	\$36.9	4.6%	\$39.2	\$37.5	4.5%	\$39.8	-3.0%
Fibre Broadband (gross)	\$42.6	\$40.9	4.2%	\$43.1	\$41.2	4.6%	\$43.7	-2.5%
Mobile data contribution as a % of service revenue	64.4%	55.3%		62.9%	54.7%		61.3%	

* Average Revenue Per User

YoY, mobile telecommunications revenue increased 3.8% to \$146.2m for 2Q2018 and 3.2% to \$287.1m for 1H2018 due to higher postpaid revenue. Against 1Q2018, it was 3.7% higher.

Postpaid revenue increased 5.7% YoY to \$132.6m for 2Q2018 and 5.0% to \$259.9m for 1H2018. Compared to 1Q2018, it was 4.2% higher.



YoY, prepaid revenue decreased 11.3% to \$13.6m for 2Q2018 and 11.3% to \$27.2m for 1H2018. Against 1Q2018, it was 0.4% lower.

Average postpaid smartphone data usage increased to 5.2GB per month this quarter from 3.9GB per month a year ago. Mobile data contribution increased YoY by 9.1% points to 64.4% for 2Q2018 and 8.2% points to 62.9% for 1H2018 respectively. Against 1Q2018, it was 3.1% points higher.

13.1.3 International call services

	<u>Group</u>		YoY Change	<u>Group</u>		YoY Change	<u>Group</u>	Change (2Q2018 vs 1Q2018)
	2Q2018 \$'m	2Q2017 \$'m		1H2018 \$'m	1H2017 \$'m		1Q2018 \$'m	
International call services								
Retail revenue	7.1	9.1	-22.3%	14.4	18.9	-23.7%	7.3	-3.7%
Wholesale and bilateral revenue	3.1	4.9	-36.4%	7.7	9.1	-15.6%	4.5	-30.9%
Total	<u>10.2</u>	<u>14.0</u>	<u>-27.3%</u>	<u>22.1</u>	<u>28.0</u>	<u>-21.1%</u>	<u>11.9</u>	<u>-14.1%</u>
Total international retail minutes (in millions)								
	114	162	-29.4%	235	339	-30.5%	121	-5.4%

YoY, international call services revenue decreased 27.3% to \$10.2m for 2Q2018 and 21.1% to \$22.1m for 1H2018 respectively due to lower retail traffic. Compared to 1Q2018, it was 14.1% lower.

13.1.4 Fixed services

Fixed services grew 27.4% and 20.7% YoY to \$36.7m for 2Q2018 and \$68.6m for 1H2018 respectively driven by higher fibre customer base and contribution from corporate projects. Against 1Q2018, it was 14.9% higher.

13.1.5 Handset sales

Handset sales decreased 8.0% and 6.8% YoY to \$60.2m for 2Q2018 and \$129.5m for 1H2018 respectively due to lower sales volume. Against 1Q2018, it was 13.2% lower.



13.2 Operating Expenses

	Group			Group			Group		Change (2Q2018 vs 1Q2018)
	2Q2018	2Q2017	YoY	1H2018	1H2017	YoY	1Q2018		
	\$'m	\$'m	Change	\$'m	\$'m	Change	\$'m		
Cost of sales	97.6	96.9	0.7%	199.9	204.1	-2.1%	102.3	-4.7%	
Staff costs	31.2	29.3	6.4%	62.8	59.2	6.0%	31.6	-1.3%	
Advertising and promotion expenses	4.2	5.0	-17.1%	8.4	9.1	-8.1%	4.2	0.4%	
Depreciation & amortisation	31.4	31.6	-0.4%	61.8	63.2	-2.2%	30.4	3.5%	
Loss allowance on trade receivables	1.9	2.5	-23.3%	4.0	4.5	-10.8%	2.1	-7.3%	
Facilities expenses	23.7	22.4	6.1%	46.2	42.5	8.8%	22.5	5.5%	
Leased circuit costs	8.7	8.1	7.2%	17.1	16.3	5.0%	8.4	3.3%	
Licence fees	1.3	0.9	38.3%	2.3	1.8	25.9%	1.0	22.0%	
Other general & administrative expenses	7.0	6.7	4.1%	13.6	10.9	25.2%	6.6	5.6%	
Foreign exchange (gain)/loss, net	(0.3)	0.2	n.m.	(0.1)	0.1	n.m.	0.2	n.m.	
Total	206.7	203.6	1.5%	416.0	411.7	1.1%	209.3	-1.3%	

^{n.m.} Non meaningful

YoY, operating expenses increased 1.5% to \$206.7m for 2Q2018 and 1.1% to \$416.0m for 1H2018. Against 1Q2018, operating expenses was 1.3% lower.

13.2.1 Cost of sales

	Group			Group			Group		Change (2Q2018 vs 1Q2018)
	2Q2018	2Q2017	YoY	1H2018	1H2017	YoY	1Q2018		
	\$'m	\$'m	Change	\$'m	\$'m	Change	\$'m		
Handset costs	62.9	65.3	-3.6%	133.6	140.1	-4.6%	70.7	-10.9%	
Traffic expenses	7.3	9.3	-21.3%	15.1	19.1	-21.3%	7.7	-5.3%	
Wholesale costs of fixed services	16.1	13.2	22.4%	30.3	27.0	12.2%	14.2	13.6%	
Other costs	11.2	9.1	22.6%	20.9	17.8	17.2%	9.7	14.7%	
Total	97.6	96.9	0.7%	199.9	204.1	-2.1%	102.3	-4.7%	

YoY, cost of sales was stable for 2Q2018 but 2.1% lower at \$199.9m for 1H18 mainly due to lower handset costs and traffic expenses. Lower traffic expenses at \$7.3m for 2Q2018 and \$15.1m for 1H2018 were due to lower retail traffic. Wholesale costs of fixed services increased 22.4% YoY to \$16.1m for 2Q2018 and 12.2% to \$30.3m for 1H2018 due to higher customer base. YoY, other costs was higher mainly due to expenses incurred for corporate projects.



13.2.2 Staff costs

YoY, Staff costs increased 6.4% to \$31.2m for 2Q2018 and 6.0% to \$62.8m for 1H2018 due to salary increment and expansion of Corporate team to drive growth.

13.2.3 Advertising and promotion expenses

For the quarter, advertising & promotion expenses for 2Q2018 decreased 17.1% YoY and was stable QoQ at \$4.2m. For 1H2018, it was 8.1% lower.

13.2.4 Depreciation and amortisation

Depreciation and amortisation expenses at \$31.4m for 2Q2018 and \$61.8m for 1H2018 were 0.4% and 2.2% lower YoY respectively as certain 3G network assets were fully depreciated. Against 1Q2018, it was 3.5% higher.

13.2.5 Loss allowance on trade receivables

For 2Q2018 and 1H2018, loss allowance on trade receivables decreased 23.3% and 10.8% YoY to \$1.9m and \$4.0m respectively. Against 1Q2018, it was 7.3% lower.

13.2.6 Facilities expenses

Facilities expenses at \$23.7m was 6.1% higher YoY mainly due to higher repair and maintenance expenses.

13.2.7 Leased circuit costs

Leased circuit costs at \$8.7m for 2Q2018 and \$17.1m for 1H2018 were 7.2% and 5.0% higher YoY.

13.2.8 Other general and administrative expenses

Other general and administrative expenses at \$7.0m for 2Q2018 was 4.1% and 5.6% higher than 2Q2017 and 1Q2018. Against 1H2017, it was 25.2% higher as 1H2017 benefited from gain on fixed asset disposal.

13.3 Finance Costs

Compared to last year, finance costs increased 36.6% to \$2.9m for 2Q2018 and 39.2% to \$5.7m for 1H2018 due to higher borrowings and interest rate.

13.4 Taxation

YoY, provision for taxation decreased 1.3% to \$7.8m for 2Q2018 and 8.6% to \$15.2m for 1H2018.



13.5 Net Profit

	<u>Group</u>			<u>Group</u>			<u>Group</u>	Change (2Q2018 vs 1Q2018)
	2Q2018	2Q2017	YoY	1H2018	1H2017	YoY	1Q2018	
	\$'m	\$'m	Change	\$'m	\$'m	Change	\$'m	
Net profit	36.2	35.7	1.5%	71.0	70.5	0.8%	34.8	4.2%
Net profit margin (on service revenue)	18.8%	19.4%		18.8%	19.4%		18.8%	

YoY, net profit at \$36.2m for 2Q2018 and \$71.0m for 1H2018 were 1.5% and 0.8% higher respectively. Compared to the previous quarter, it was 4.2% higher.

Compared to the corresponding periods last year, net profit margin on service revenue was lower at 18.8% for 2Q2018 and 1H2018. Against 1Q2018, it was stable.

13.6 EBITDA

	<u>Group</u>			<u>Group</u>			<u>Group</u>	Change (2Q2018 vs 1Q2018)
	2Q2018	2Q2017	YoY	1H2018	1H2017	YoY	1Q2018	
	\$'m	\$'m	Change	\$'m	\$'m	Change	\$'m	
EBITDA	78.4	77.3	1.4%	153.8	154.5	-0.4%	75.4	3.9%
EBITDA margin (on service revenue)	40.6%	42.1%		40.7%	42.6%		40.8%	

YoY, EBITDA at \$78.4m was 1.4% higher for 2Q2018. EBITDA at \$153.8m for 1H2018 was 0.4% lower YoY. Compared to 1Q2018, it was 3.9% higher.

EBITDA margin, as a percentage of service revenue, was 40.6% for 2Q2018 and 40.7% for 1H2018.

13.7 Capital Expenditure and Commitments

Capital expenditure incurred for 1H2018 was \$50.5m as compared to \$76.6m for 1H2017.

Capital commitment as at 30 June 2018 was \$197.0m which includes \$188.0m for the 700MHz spectrum.



13.8 Liquidity and Capital Resources

	Group		YoY Change	Group		YoY Change	Group	Change (2Q2018 vs 1Q2018)
	2Q2018 \$'m	2Q2017 \$'m		1H2018 \$'m	1H2017 \$'m		1Q2018 \$'m	
Profit before tax	44.0	43.6	1.0%	86.2	87.1	-1.0%	42.2	4.4%
Non-cash item and net interest expense adjustments	18.0	18.7	-3.4%	52.1	51.5	1.2%	34.1	-47.2%
Net change in working capital	7.4	(2.3)	@	(21.9)	(30.5)	-28.3%	(29.2)	125.2%
Net cash provided by operating activities	69.4	60.0	15.8%	116.5	108.2	7.7%	47.1	47.4%
Net cash used in investing activities	(29.6)	(49.5)	-40.2%	(53.1)	(84.0)	-36.7%	(23.5)	26.2%
Net cash used in financing activities	(57.4)	(11.9)	@	(54.8)	(29.1)	88.2%	2.6	@
Net change in cash and cash equivalents	(17.6)	(1.4)	@	8.6	(4.9)	-275.4%	26.2	-167.0%
Cash and cash equivalents at beginning of financial period	72.7	7.5	@	46.5	11.0	@	46.5	56.3%
Cash and cash equivalents at end of financial period	55.1	6.1	@	55.1	6.1	@	72.7	-24.2%
Free Cash flow ⁽¹⁾	41.6	12.9	222.0%	66.0	30.4	117.4%	24.4	70.2%

⁽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 increased from \$60.0m to \$69.4m for 2Q2018. Against 1Q2018, it was 47.4% higher.

Free cash flow at \$41.6m for 2Q2018 was 222.0% higher YoY.

13.9 Gearing and Interest Cover

As at end June 2018, gearing ratio was stable at 0.8 times compared to end December 2017. Interest coverage ratio (EBITDA/Interest) was 26.9 times for 2Q2018 compared to 31.4 times for 2Q2017.



13.10 Balance Sheet

Total non-current assets decreased 1.3% from \$990.2m as at 31 December 2017 to \$977.3m as at 30 June 2018 mainly due to amortisation of licences and spectrum right.

Total current assets decreased 4.3% from \$357.0m as at 31 December 2017 to \$341.5m as at 30 June 2018, mainly due to transfer of contract asset to trade receivables.

Total current liabilities was \$237.9m as at 30 June 2018, a decrease of 15.9% from \$282.9m as at 31 December 2017.

Against 31 December 2017, total shareholders' equity as at 30 June 2018 was 3.4% higher at \$510.6m.

14. VARIANCE FROM PROSPECT STATEMENT

No forecast was made previously.

15. OUTLOOK

M1 is committed to stay at the forefront of technology advancements and has embarked on early multi-vendor 5G trials, including Singapore's first end-to-end 5G live trial in June 2018. This could provide insightful learning crucial to the successful development of relevant 5G services. With our foundation of dense cell grid and advanced narrow band Internet-of-Things network, we are well positioned to harness exciting new capabilities and support highly reliable and responsive applications on our network.

The Smart Nation initiatives will accelerate the digitalisation and transformation of businesses. By leveraging on our scaled up ICT and digital capabilities, we will be able to capture new opportunities from Smart Nation initiatives and support businesses to leverage digital technologies.

For the full-year 2018, we estimate capital expenditure to be around S\$120 million. Based on current outlook and barring any unforeseen circumstances, we estimate second half profits to be lower in view of market seasonality and impending new competition.

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
27 July 2018