



Annual Report 2011

M1 is Singapore's most vibrant and dynamic communications company, providing mobile and fixed services to over 2 million customers. Established in 1997, M1 achieved many firsts, including the first operator to launch ultra high-speed fixed broadband, fixed voice and other services on the Next Generation Nationwide Broadband Network (NGNBN). With a continual focus on network quality, customer service, value and innovation, M1 links anyone and anything; anytime, anywhere. For more information, visit www.m1.com.sg.

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Connecting Anyone and Anything; Anytime, Anywhere

At M1, we understand the basic human need to connect with one another. Through communication, we foster relationships, drive business and grow our communities.

Over the past years, we have built a network that spans mobile and fixed communication platforms with the goal of connecting people and machines in new and innovative ways.

We have overcome challenges and used our experience to deliver a robust system that is reliable, efficient and offers a full suite of connectivity solutions for the home and office.

But M1 is more than just a network.

Beyond technological excellence, we are committed to consistently providing high quality service and compelling new products and services, so our customers enjoy a better experience and our shareholders realise greater value.



BRINGING YOU CLOSER TO YOUR FAMILY AND FRIENDS

M1's diverse offerings in both the mobile and fixed space work together so that you can connect with the people that matter most, when and where you want.



"We take pride in helping customers choose the services and devices that are right for them. We also work closely with our customer service colleagues to ensure customers enjoy a seamless experience at our stores, via our online channels and over the phone."

Armie Dominguez
M1 Shop



HELPING YOU GROW YOUR BUSINESS

Companies need a network that can support them in the office and on the go.

M1 offers high speed fixed and mobile connectivity together with a full suite of customised enterprise services to provide total communication solutions for SMEs, large enterprises and Government customers so that they can work smarter anytime, anywhere.



"We work closely with our customers to understand their needs and develop customised solutions to help them grow their businesses."

Timothy Loke
Enterprise Marketing



SERVICE IS MORE THAN SMILES AND TALK

Things do not always work the way they are meant to, but at M1, we believe that customer service is about more than listening – it is about understanding our customers and proactively looking for solutions.

People are our most valuable resource and we make sure our employees are empowered and trained to help you resolve issues quickly and with your interests in mind.



"Every member of our team is passionate about customer service and we'll do our best to provide customers with solutions that meet their needs whenever they contact us."

Sarah Leung
Customer Service



INNOVATION IS PART OF OUR CULTURE

Innovation is fostered at every level of our business. We leverage on our experience, technical expertise, modern infrastructure and encourage an open and engaging employee culture that actively solicits feedback and suggestions for improvement.

This helps to keep M1 in a market-leading position and drive the business further.



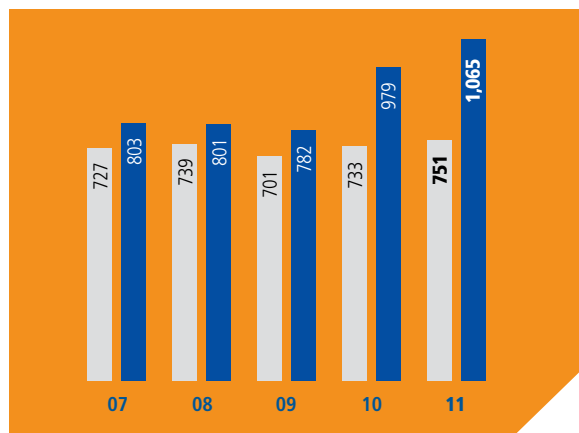


"For us, innovation isn't just a capability, it's a culture. We're constantly looking for ways to enhance our products and services so that we can offer our customers an even better experience."

Justin Sales
Product Development

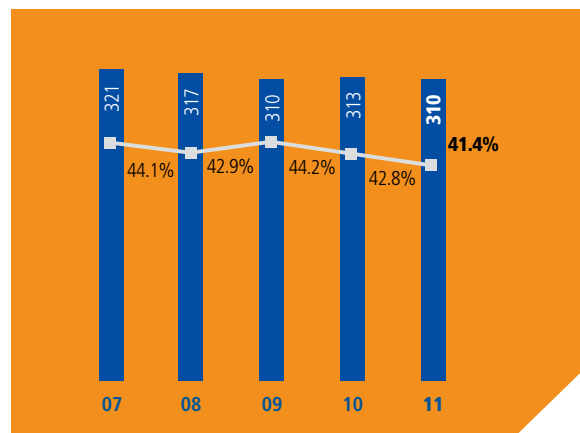
PERFORMANCE HIGHLIGHTS

OPERATING REVENUE AND SERVICE REVENUE



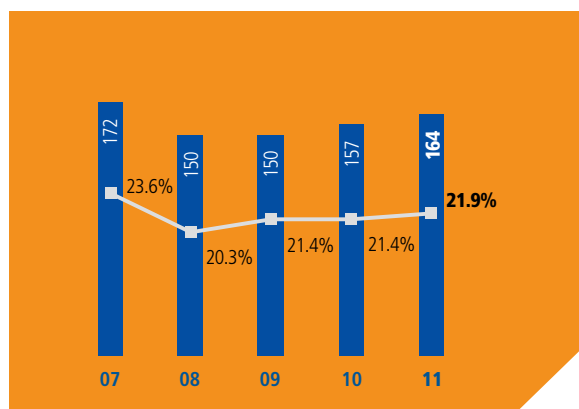
Service revenue (\$m)
Operating revenue (\$m)

EBITDA



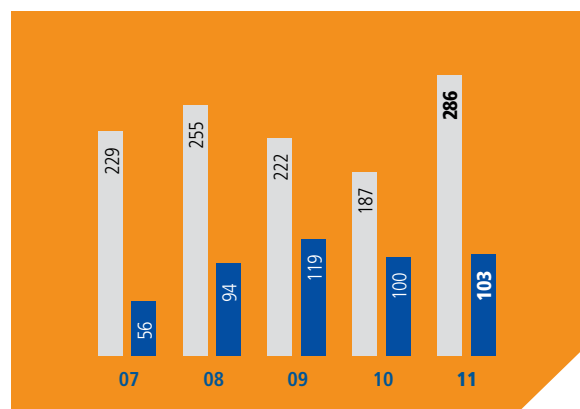
EBITDA (\$m)
EBITDA margin on service revenue (%)

NET PROFIT AFTER TAX



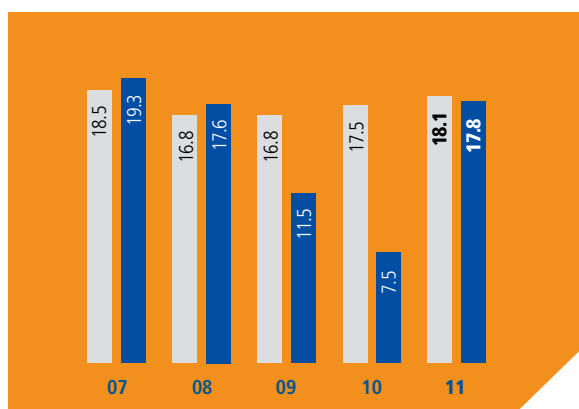
Net profit after tax (\$m)
Net profit margin on service revenue (%)

CASHFLOW AND CAPITAL EXPENDITURE



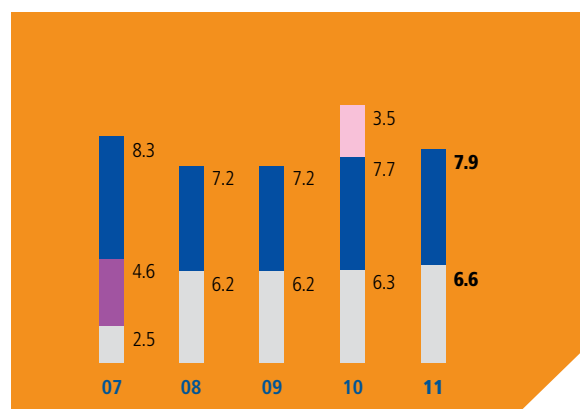
Net cash flow from operating activities (\$m)
Capex (\$m)

EARNINGS AND FREE CASH FLOW PER SHARE



Earnings per share (basic) (cents)
Free cash flow per share (cents)

CASH RETURN PER SHARE (DECLARED)



Interim dividend (cents)
Final dividend (cents)
Capital reduction (cents)
Special dividend (cents)

OPERATING HIGHLIGHTS	2011	2010	CHANGE (%)
Number of mobile customers ('000)			
Postpaid	1,046	1,001	4.5
Prepaid	969	910	6.5
Total	2,015	1,911	5.5
Market share ¹ (%)			
Postpaid	26.0	26.6	–
Prepaid	26.0	25.8	–
Overall	26.0	26.2	–
Singapore mobile penetration rate ¹ (%)	149.6	143.6	–
Average revenue per user (ARPU, S\$ per month)			
Postpaid (excludes Data plan)	63.8	63.9	-0.3
Postpaid (excludes Data plan and adjusted) ²	54.6	59.8	-8.7
Data plan	22.2	21.5	3.6
Prepaid	13.7	14.5	-5.2
Non-voice services as a % of service revenue	35.6	31.9	–
Minutes of use per active customer (per month)			
Postpaid	360	363	-0.7
Prepaid	280	264	6.2
Total international retail minutes (million)	1,165	957	21.7
Average monthly churn rate (%)	1.3	1.4	–
Acquisition cost per postpaid customer (\$\$)	342	351	-2.6

¹ Based on IDA statistics as at December

² After adjustment for ARPU offset against handset subsidy

FINANCIAL HIGHLIGHTS	2011	2010	CHANGE (%)
Operating revenue (S\$m)	1,064.9	979.2	8.8
Mobile telecommunications	587.4	579.4	1.4
International call services	124.8	129.0	-3.2
Fixed services	38.3	24.5	56.2
Handset sales	314.4	246.3	27.6
EBITDA (S\$m)	310.4	313.3	-0.9
Net profit after tax (S\$m)	164.1	157.1	4.5
Per share (cents)			
Earnings (basic)	18.1	17.5	3.4
Cash payout (declared)	14.5	17.5	-17.1
Net assets	35.5	33.7	5.3
ROE (%)	52.5	56.2	–
ROCE (%)	27.3	28.5	–

Note: Figures may not add up due to rounding

CHAIRMAN'S MESSAGE

M1 is well-placed to capture data growth in both the mobile and fixed segments. We will continue to build on our strong foundation and focus on delivering an even better experience to our customers as a full-service operator.

INDUSTRY OVERVIEW AND OUTLOOK

Advancements in telecommunications and technology have transformed the way we live, work and play.

Today's office workers are no longer limited to working in their offices. With connected devices such as smartphones, tablets or laptops, they can access emails, retrieve information on the go, and even attend virtual meetings at all hours of the day, anywhere. Consumers can access the latest news anytime via online channels like Twitter, while social networks like Facebook allow them to share key moments of their lives, from birthday celebrations to weddings, with their family and friends across the world.

With the growing number of connected devices and the proliferation of applications and services – activities like online stock trading, e-filing of taxes and online gaming are already the norm today – fixed and mobile data traffic can thus only grow. Globally, data traffic has been forecast to grow four-fold from 2010 to 2015, with mobile data traffic as the fastest-growing segment.

M1 is well-placed to capture data growth in both the mobile and fixed segments. We will continue to build on our strong foundation and focus on delivering an even better experience to our customers as a full-service operator.

In 2011, M1 scored another first with the launch of South East Asia's first commercial Long Term Evolution (LTE) network in June. More importantly, this next-generation mobile network enables us to deliver data several times faster and in a more cost-effective manner.

For our customers, it will mean an enriched wireless experience. Consumers will find activities like social networking a breeze with the uploading of pictures and videos in mere seconds, while corporate customers can enjoy high-bandwidth applications that previously could only be delivered through wired networks. It will also encourage greater innovation in mobile applications and services, such as cloud-based solutions and machine-to-machine communications.

In the fixed space, the rollout of Singapore's Next Generation Nationwide Broadband Network (NGNBN) continues apace. While there have been some teething issues and installation delays in 2011, consumer and business interest in fibre remains high and we continue to enjoy strong take-up of our services which offer better performance and value. As the NGNBN rollout progresses, with an expected 95% coverage by June 2012, I am confident that we will continue to strengthen our market position and entrench M1 as the trusted operator in this segment.

2012 will likely see new developments in the pay-TV space. The Government's regulation on mandatory cross-carriage of exclusive content came into effect in August 2011 and is expected to benefit consumers. This, together with the increasing popularity of Internet TV and the proposed introduction of open-access IPTV infrastructure, will open up opportunities for M1 to increase our household penetration.

Looking ahead, while global economic conditions are uncertain, there are positive growth prospects for M1. We will continue to invest in and strengthen our core competencies, innovate to stay ahead and evolve to support full convergence in this digital world.

SHAREHOLDER RETURNS

M1 reported a full year net profit of S\$164.1 million for 2011, up 4.5% from the year before.

The company has a proven history of providing attractive capital distribution to shareholders. The Board of Directors has proposed a final dividend of 7.9 cents for FY2011. Taken together with the interim dividend of 6.6 cents paid out in August last year, the total dividend of 14.5 cents for FY2011 represents a payout of 80% of our full-year net profit after tax.

In 2011, M1's share price had performed well despite a volatile stock market, rising 6.4% against the benchmark Straits Times Index's 17.0% fall. Taken together with the dividends paid, total shareholders' return was a healthy 14.0% for the year.

M1 remains committed to enhancing long-term shareholder value, and will continue to pursue a sustainable capital distribution policy.

A NOTE OF THANKS

I would like to express my thanks to our customers, shareholders, business partners, my fellow Board members, management and staff, for their support and hard work this past year.

With your continued effort, I am confident that M1 will make good progress in the new year, and continue to deliver value to our stakeholders.



TEO SOON HOE
Chairman

CEO'S MESSAGE

With the rapid change in technology, it is not just about offering faster or more services. Instead, M1's goal is to make our customers' lives simpler and better, and we will continue to work to make our brand synonymous with this.

I am pleased to report a creditable year in which M1 has successfully delivered revenue and profit growth, as well as made good strategic progress towards our goal of becoming Singapore's preferred full-service operator.

Despite the competitive telecommunications market we operate in, M1 has been able to steadily grow customers and scale in both the mobile and fixed segments. We also launched the region's first Long Term Evolution (LTE) mobile network, and led the industry in moving away from effectively unlimited mobile broadband bundles with our mData plans.

As part of our continuing commitment to service quality and improving competitiveness, we set up our own active network for the Next Generation Nationwide Broadband Network (NGNBN), so as to deliver a better experience to our fibre broadband customers.

RESULTS

FY2011 operating revenue increased 8.8% to S\$1,064.9 million, driven mainly by strong smartphone sales. Service revenue increased 2.4% to S\$750.5 million as a result of M1's enlarged customer base and growth in the fixed services segment. As smartphones became ubiquitous and mobile broadband devices such as tablets rose in popularity in 2011, mobile data usage continued to grow and non-voice services as a percentage of service revenue increased to 35.6%, compared to 31.9% a year ago. Fixed services revenue increased 56.2% to S\$38.3 million, as we continued to drive take-up of fibre services in both the residential and corporate segments.

Net profit after tax rose 4.5% to S\$164.1 million, with margin on our service revenue at 21.9%. Free cash flow increased to S\$161.3 million, from S\$67.5 million a year ago, and the Group's balance sheet stayed healthy, with net debt-to-EBITDA at 0.9 time as at end-2011.

OPERATIONAL HIGHLIGHTS

2011 saw M1 enjoying sustained growth in our core mobile business.

By September, we had crossed the two million customer milestone, and ended the year with 2,015,000 customers, an increase of 104,000 customers from a year ago.

The number of smartphone users continued to climb, accounting for 67% of our postpaid mobile customer base as at end of 2011. These customers helped drive mobile data to 21.0% of service revenue, up from 17.6% a year ago.

September also saw M1 launch a set of new, competitively priced mobile data plans. With prices starting at just S\$12 a month, our well-received mData plans offer customers faster speeds and flexible data bundles that match their usage needs.

The soon-to-be-completed islandwide LTE mobile network will deliver a better customer experience. This new network – South East Asia's first commercial LTE network – represents a significant investment into M1's future, with faster and more efficient mobile data carriage than our existing mobile networks.

We are also pleased to report a credible performance in fixed services.

2011 was the first full year that M1 was able to offer fibre services commercially on the NGNBN, and we ended the year with 44,000 fixed services customers. The majority of our fibre customers are residential users, alongside an increasing number of corporate clients who take up not just connectivity, but also value-added services like managed services and data centre solutions.

While interest in our fibre services is high, some barriers remain in the way of our ability to fully tap on the fibre market. These include installation service delays, accessibility issues relating to commercial buildings and customers being locked in on current contracts. The regulator has raised the quota limit on weekly sign-ups for the NGNBN and we will continue to work with various stakeholders to address the remaining barriers.

The islandwide rollout of our active network for NGNBN was completed in November and it currently serves both our residential and corporate customers. This network will enhance our competitiveness and better serve our customers through greater control of service delivery and improved ability to offer customised solutions for fibre services.

M1's increasing traction in the fixed segment is the result of the careful groundwork we laid in previous years prior to the NGNBN launch, and we will build on the momentum to further entrench our position in the fixed space.

OUTLOOK

The end of 2011 saw many economies facing the troubling prospect of a slowdown and even recession. Being a small and open economy, any changes in global conditions this year will affect Singapore's economy, and this will in turn impact business confidence and consumer spending. Nonetheless, telecommunications remain an essential service for both consumers and businesses. This, combined with our strong balance sheet, will allow the Company to ride out any downturn.

For 2012, growth is expected to come from data usage in both the mobile and fixed segments, and we are gearing up to support this growth.

Mobile services will remain core and we will focus on customer service and innovation to deliver an even better experience for our customers. The adoption of fibre services will likely gain momentum as the NGNBN coverage becomes islandwide by the middle of the year, and we are well-placed to compete and grow our fixed business.

As we extend our market position as a customer-centric full-service operator with a full suite of consumer and business services, we will also continue to invest in our already well-established M1 brand. With the rapid change in technology, it is not just about offering faster or more services. Instead, M1's goal is to make our customers' lives simpler and better, and we will continue to work to make our brand synonymous with this.

COMMUNITY

At M1, we are committed to making a positive impact on the society we operate in. Therefore, we invest significant resources and actively participate in community activities. For 2011, the arts, sports and children causes remained the focus of our Corporate Social Responsibility programme.

The M1 Fringe Festival, in its seventh edition with the theme "Art & Education", continued to bring contemporary and cutting edge works from both local and international artists to engage art patrons and new enthusiasts alike. In line with our long-term approach to partnerships, 2011 also saw us commencing the sponsorship of two leading contemporary dance schools – T.H.E Dance Company and Frontier Danceland, to nurture talents and promote the appreciation and enjoyment of this art form. In recognition of our efforts, M1 was conferred the Distinguished Patron of the Arts award for the 11th consecutive year.

For the charity sector, through several fund-raising activities including the M1 Charity Jamboree and M1 Charity Golf events, we raised nearly S\$300,000 for our adopted children charities. I would like to specially commend the staff volunteers from M1's SunCare Club for their dedication in organising regular activities, mostly in their personal time, for the underprivileged children from our adopted charities throughout the year.

APPRECIATION

Finally, I would like to register my sincere thanks to our customers for their support, M1's Board of Directors for their guidance through the year, and all my colleagues for their hard work in building this great company.

With all your support, M1 will continue to grow from strength to strength in the years ahead, and I look forward to being part of this future.



KAREN KOOI LEE WAH
Chief Executive Officer

OPERATING AND FINANCIAL REVIEW



COMPANY OVERVIEW

M1 is a leading full-service provider of mobile and fixed communications services to over 2 million customers in Singapore. With an emphasis on network quality, customer service, value and innovation, our mission is to link anyone and anything; anytime, anywhere.

The M1 Group holds both Facilities-Based Operator (FBO) and Service-Based Operator (SBO) licences issued by the Info-communications Development Authority of Singapore (IDA) for the provision of telecommunication systems and services, as well as a Telecommunication Dealer's Class Licence. M1 also holds Internet Access Service Provider and IPTV licences issued by the Media Development Authority (MDA).

We operate both 2G (GSM) and 3G/High Speed Packet Access (HSPA) networks, which will be enhanced with the islandwide rollout of our Long-Term Evolution (LTE) network this year. We offer a wide range of voice, data and value-added services on these networks. Our wireless broadband service – M1 Mobile Broadband – offers customers a choice of service plans differentiated by access speed and data bundle. With the deployment of our LTE network, we are capable of supporting theoretical downlink and uplink throughput speeds of up to 75 Mbps and 37.5 Mbps respectively.

For international call services, we offer mobile and fixed-line customers International Direct Dial (IDD) services using prefixes 002 and 021, and an International Calling Card (ICC) service using prefix 1818. We also trade wholesale voice minutes with other international and local service providers.

In the fixed segment, M1 offers various broadband service plans with speeds ranging from 10 Mbps to 1 Gbps, including fixed voice and other value-added services for residential homes. For corporate customers, besides connectivity services, we offer managed and data centre services, as well as cloud-based and other enterprise solutions. Our services are further supported by specialised teams who provide customers seamless migration from their legacy network to fibre network.

The following key milestones marked our short history:

- Commercial launch of mobile services in April 1997;
- Achievement of 10% mobile market share within one month of launch, and profitability in the first full-year of operations in 1998;
- Listing on the Singapore Exchange in December 2002; and
- First operator in Singapore to launch:
 - 3G mobile services commercially in February 2005

- Islandwide mobile broadband services in December 2006
- Fibre services commercially on the Next Generation Nationwide Broadband Network (NGNBN) in September 2010
- Mobile broadband service on our LTE network in June 2011

In 2011, we achieved a full-year net profit after tax of S\$164.1 million, 4.5% higher than 2010. Net profit margin on service revenue was 21.9%, up from 21.4% in 2010. Operating revenue and service revenue improved by 8.8% to S\$1,064.9 million and 2.4% to S\$750.5 million respectively. Earnings before interest, taxes, depreciation and amortisation (EBITDA) was S\$310.4 million, representing a margin of 41.4% on service revenue. Free cash flow increased 139.0% to S\$161.3 million.

As at 31 December 2011, M1 had a total of 2,015,000 mobile customers, comprising 1,046,000 postpaid and 969,000 prepaid customers, and this represented an overall 26.0% market share of the mobile customer base. In addition, M1 had 44,000 fixed service customers.

MARKET DEVELOPMENTS

Based on statistics published by IDA, as at 31 December 2011, Singapore's mobile penetration rate was 149.6%, which was 6.0 percentage points higher than a year ago. Out of the total mobile subscriber base of 7,755,200, 52.0% were postpaid subscribers and 48.0% were prepaid subscribers. For the fixed broadband market, there were 542,200 Digital Subscriber Lines (DSL), 679,300 cable and 98,500 fibre subscribers for both the residential and corporate segments as at 31 December 2011.

M1 launched South East Asia's first LTE network in June 2011. Offering downlink speeds of up to 75 Mbps and uplink speeds of up to 37.5 Mbps, the initial launch covered major areas within the financial district. Coverage is being progressively expanded and is scheduled to be islandwide by the second quarter of 2012.

The take-up of fibre services through the NGNBN in 2011 was hampered by operational issues such as installation service delays and accessibility to commercial buildings. M1 worked with various stakeholders, including the Infocomm Development Authority (IDA), to address these issues and some improvements were seen in the second half of 2011. With continued efforts and an expected 95% NGNBN coverage by mid-2012, the adoption of fibre services is likely to gain momentum.



POSTPAID MOBILE

The mobile segment remained our core business and continued to be a major contributor to our operating revenue. During the year, our postpaid customer base grew by 45,000 to reach 1,046,000 as at 31 December 2011. This formed 51.9% of our total mobile customer base and contributed 86.7% of our total mobile telecommunications revenue in 2011.

Data usage trends continued to advance with the proliferation of smart devices in the mass market and contribution from non-voice services rose to 35.6% of service revenue in 2011, up from 31.9% in 2010.

We saw increased adoption of tablets in 2011, with the launch of devices such as iPad 2, Samsung Galaxy Tab, Blackberry Playbook and HTC Flyer. Customers have the flexibility of

OPERATING AND FINANCIAL REVIEW

FOR A BETTER SURFING EXPERIENCE, SWITCH TO M1'S NEW MOBILE BROADBAND PLANS.

At M1, our products have always evolved around your needs. Which is why, we have launched new mobile broadband plans to give you better surfing experience.

From today, our mobile broadband plans will offer theoretical download speeds of 72Mbps (typical speed range of 0.6-4.8Mbps) and 21Mbps (typical speed range of 0.7-6.7Mbps) with data bundles of up to 50GB. Furthermore, enjoy peace of mind with the usage data cap at \$69.30 on all mobile broadband plans.

So if you are looking for a mobile broadband plan that best suits you, SWITCH TO M1.

For more details, visit m1.com.sg now.

Plans	Data Bundle	Monthly Subscription	Download speed
mData Value	5GB	\$12	Theoretical download speed: 72Mbps Typical download speed range: 0.6 - 4.8Mbps
mData Lite	12GB	\$24	
mData Max	50GB	\$40	Theoretical download speed: 21Mbps Typical download speed range: 0.7 - 6.7Mbps
mData Extreme	50GB	\$59	

purchasing these tablets with either no lock-in period, or sign up for a two year contract and obtain the device at a subsidised price.

There was significant excitement and interest from customers in June 2011, as we launched an ultra high-speed mobile broadband service in the financial district for enterprise customers on our LTE network – a first in South East Asia. This represents another milestone for M1, and demonstrated our commitment to continually invest in our networks to deliver a better experience to our customers.

In September 2011, we launched our new mData mobile broadband plans with 5 to 50GB of bundled data. With prices starting from as low as S\$12 per month, these new plans also feature published typical download speeds and data usage capped at S\$69.30. The mData plans enable customers to pay for what they need, and the majority of our customers will effectively pay less and enjoy internet surfing at higher speeds.

The much awaited iPhone 4S was made available through our stores and exclusive distributors on 28th October, and

we celebrated the launch at our Paragon flagship store at midnight. The highly anticipated event, featuring live performances and entertainment, was well attended by both existing and new customers. A wide range of iPhone specific service plans, from our affordable S\$36 a month iPhone Value plan to M1's unique Take3 Flexi plan that offers the handset at no upfront cost, were made available to customers.

During the year, we worked with various phone manufacturers to bring in their latest handsets, from the Samsung Galaxy S2 to the Motorola Razr, as part of our ongoing efforts to provide customers with a wide range of mobile devices. Notable handsets launched in the second half of 2011 included five new Blackberry handset models which feature the new BlackBerry 7 operating system. We held a launch party and preview sale for the BlackBerry Bold 9900, as well as a Blackberry consumer workshop in October 2011. December saw the launch of two new Nokia Windows smartphones, the Lumia 710 and Lumia 800. We also conducted a consumer workshop to provide customers with first-hand experience of using Nokia applications on the new Windows operating system. Both workshops were well received by our customers.

PREPAID MOBILE

In the highly competitive prepaid segment, our customer base grew 6.5% during 2011 to 969,000, reflecting our various initiatives in catering to different customer preferences through timely product and service launches. These included:

- Complimentary rental of Huawei 3G handset with the purchase of our M Card bundle, and customers get to keep the handset after twelve months on our network;
- Enhancement and launch of new top-up cards with additional benefits such as 20 or 30 days of free incoming calls, 50MB of bundled data and 15% bonus value;
- Ease of choice in top-up denominations through the launch of our E-load service, in addition to fixed denomination physical top up cards.

As foreigners made up a significant proportion of our prepaid customers, we continued to sponsor major festive events in 2011 such as Thaipusam, Deepavali Light-up, as well as the Myanmar, Tamil and Bengali New Year, to reinforce our brand presence and strengthen our links with these key foreigner segments. Indians, Bangladeshi, Myanmar and Indonesians, remained key patrons of our prepaid services. As 2011 drew to a close, we partnered Oli 96.8FM, a local radio station with a strong Indian following, to sponsor a countdown event at Fort Canning to usher in the New Year.



FIXED SERVICES

Fixed services revenue increased 56.2% to S\$38.3 million in 2011.

During the year, we grew our fixed services customer base and further entrenched M1's position in the fixed space. As at end of 2011, we had 44,000 fixed services customers.

We continued to ensure that our customers enjoy the best value fixed broadband packages, with no cap on international bandwidth and access to remote and technical onsite support. Customers also get free fixed voice service that offers unlimited local calls, with every fibre broadband sign-up. For the corporate segment, we offered customised solutions, including cloud-based and managed services. Specialised teams were also available to assist customers in migrating their legacy network seamlessly to the new fibre network.

While the NGNBN achieved more than 80% islandwide coverage by end 2011 and interest in our fibre services was high, take-up of services was impeded by a number of barriers, including installation service delays, accessibility issues relating to commercial buildings and customers being locked in on

current contracts. During the year, we worked to resolve some of these barriers with the IDA and various stakeholders.

In the second half of 2011, we set up and completed the islandwide rollout of our active network for the NGNBN. Serving both our corporate and residential customers, this network enhances our long-term competitiveness and enables us to better serve our customers through greater control of service delivery and improved ability to offer customised solutions.

PRODUCTS AND SERVICES

In 2011, the following innovative and exciting services were launched:

- **mData:** Four new mobile broadband plans differentiated by data bundle sizes (starting from 5GB per month) and accompanied by a lower starting monthly subscription plan were launched, to provide M1 customers with a better mobile surfing experience. The new competitively priced plans, with their typical download speeds published, allow customers to better complement their individual data usage needs with a mobile broadband plan that best suits their usage patterns. Such plans are designed to enhance the surfing experience of the majority of our customers.

OPERATING AND FINANCIAL REVIEW



- MessageSurf Plans:** MessageSurf and BlackBerry MessageSurf Plans were exclusively launched for members of the Singapore Association of The Deaf. These plans are meant to cater directly to the needs of the deaf and hard of hearing individuals, who communicate mainly through the modes of email, SMS, MMS, instant messaging, video calls and social media applications. With generous outgoing video calls, data and SMS bundles, these new plans will enhance the way these individuals communicate and stay connected.
- Next Generation Mobile Network Service:** With the initial launch of M1's LTE network in the financial district, enterprise customers were able to access next generation mobile network service via USB modems on existing mobile broadband plans and experience the enhanced surfing speeds. As coverage is expanded islandwide and more LTE devices become available, the service will be made available to all other customers.
- Take3 Flexi:** The Take3 programme allows customers to obtain a phone of their choice with no upfront costs. Take3 Flexi now offers customers the option of enjoying the Take3 service with a shorter contract tenure of 12 months, allowing them to change their handsets earlier.

SALES AND DISTRIBUTION

We have an islandwide network of operator-owned retail shops (M1 Shop) and operator-appointed distributor outlets that serve the consumer segment, as well as an enterprise sales team that serves the business segment. During the year, we streamlined our retail presence with the closing of shops at Plaza Singapura, Sun Plaza and Sembawang Shopping Centre

and at the same time, opened new shops at 313 Somerset, Clementi Mall and Changi City Point. We will also be opening a new outlet at Causeway Point in late 2012. As at 31 December 2011, we operate a total of 13 M1 Shop outlets, as well as an e-shop (www.m1shop.com.sg) which sells mobile phones and accessories online.

BRAND

To differentiate M1 as a full service operator, providing a better experience across all our services remains key.

We launched a branding campaign in May 2011 to reinforce our strong customer-centric focus in both the consumer and enterprise segments. This helped to drive awareness of our fixed services and enterprise solutions, and further entrench M1 as a full service operator.

In June 2011, we launched another campaign centred on our new LTE mobile network – the first in South East Asia. This campaign highlighted our commitment to enhance our customers' experience through our continual investments in advanced technologies.

CUSTOMER SERVICE

In the 2011 Customer Satisfaction Index (CSISG¹), M1 continued to lead in the info-communications sector.

Over the year, we made investments to improve our processes to serve our customers better. This included enhancements to our end-to-end remote and onsite technical support services to both residential and corporate customers. We further invested in staff training via our company-wide Customer Centric Initiative and Legendary Service training programmes, and



extended our “Serve with Passion” programme to our dealers’ staff, as part of our commitment to service quality.

The increased take-up of NGNBN services during the year was hampered by start-up operational issues that led to service delays and other inconveniences experienced by some of our customers. While the NGNBN service delivery depends on several parties, we took ownership of the issues and proactively worked with other stakeholders to resolve them so that our customers are not inconvenienced.

NETWORK

M1 was the first operator in South-East Asia to commercially launch a LTE network in June 2011, with initial coverage at the Marina Bay Financial and Shenton Way areas. Our dual band LTE network, operating on both the 1.8 GHz and 2.6 GHz frequency bands, will have an initial downlink speed of up to 75 Mbps and uplink speed of up to 37.5 Mbps. Coverage is progressively expanded and is scheduled to be islandwide by the second quarter of 2012.

During the year, we completed our 2G network modernisation works and continued to expand our 3G and HSPA network to cater for the increasing data traffic being carried by our networks.

Our backhaul transmission network, comprising fibre rings and high capacity microwave radio links, was also expanded with the completion of the Western Core network, which is now carrying live traffic. This serves to further increase our self-provisioning capability and reduce our operating expenses. In addition, we have completed a fibre swap project with

Verizon Communications and this network is also carrying live M1 traffic in the central business district.

A new International Gateway (IGW) softswitch was deployed in the second half of 2011 and is scheduled for cutover in the first half of 2012. This will augment our existing IGW switches and allow for faster and more flexible traffic routing changes in our international links and connectivity.

In 2011, we expanded the infrastructure supporting our NGNBN fixed broadband and fixed voice services. During the year, we planned and deployed our own active network to serve the corporate and residential markets. In November, we expanded our footprint to provide islandwide service and coverage. This has enabled us to have better control of service delivery, faster fault resolution and provide a better experience for both our corporate and residential customers.

¹ The CSISG is commissioned by the Singapore Workforce Development Agency (WDA) and managed by the Institute of Service Excellence (ISES) at the Singapore Management University

OPERATING AND FINANCIAL REVIEW

FINANCIAL REVIEW

OPERATING REVENUE

	Year Ended 31 December		YoY Change
	2011 S\$m	2010 S\$m	
Operating revenue			
Mobile telecommunications	587.4	579.4	1.4%
International call services	124.8	129.0	-3.2%
Fixed services	38.3	24.5	56.2%
Total service revenue	750.5	732.9	2.4%
Handset sales	314.4	246.3	27.6%
Total	1,064.9	979.2	8.8%

For 2011, M1's operating revenue grew 8.8% to S\$1,064.9 million. Service revenue grew 2.4% to S\$750.5 million, driven by higher revenue from fixed services, which grew 56.2%.

The following are more details from each segment:

MOBILE TELECOMMUNICATIONS

	Year Ended 31 December		YoY Change
	2011 S\$m	2010 S\$m	
Mobile telecommunications revenue			
Postpaid	509.3	502.0	1.4%
Prepaid	78.1	77.3	0.9%
Total	587.4	579.4	1.4%
Average revenue per user (ARPU, S\$ per month)			
Postpaid	S\$63.8	S\$63.9	-0.3%
Postpaid (adjusted) ¹	S\$54.6	S\$59.8	-8.7%
Data plan	S\$22.2	S\$21.5	3.6%
Prepaid	S\$13.7	S\$14.5	-5.2%
Non-voice services as a % of service revenue	35.6%	31.9%	

¹ After adjustment for ARPU offset against handset subsidy

Mobile telecommunications revenue increased 1.4% to S\$587.4 million. Segmentally, postpaid revenue increased 1.4% to S\$509.3 million, while prepaid revenue increased 0.9% to S\$78.1m, as a result of an enlarged customer base.

Non-voice services as a percentage of service revenue increased 3.7% points to 35.6%, compared to 31.9%, driven by higher mobile data revenue from increased take-up of smartphones and mobile broadband devices.

INTERNATIONAL CALL SERVICES

	Year Ended 31 December		YoY Change
	2011 S\$m	2010 S\$m	
International call services revenue			
Retail revenue	115.3	118.5	-2.7%
Wholesale & bilateral revenue	9.6	10.5	-8.4%
Total	124.8	129.0	-3.2%
<hr/>			
Total international retail minutes (in millions)	1,165	957	21.7%

International call services revenue decreased 3.2% to S\$124.8 million due to higher proportion of traffic to lower rated destinations as a result of promotional offers.

HANDSET SALES

Handset sales increased 27.6% to S\$314.4 million, driven by higher smartphone sales.

OPERATING EXPENSES

	Year Ended 31 December		YoY Change
	2011 S\$m	2010 S\$m	
Cost of sales	565.6	492.2	14.9%
Staff costs	96.9	89.1	8.7%
Advertising & promotion	26.5	26.1	1.4%
Depreciation & amortisation	107.1	117.0	-8.5%
Allowance for bad & doubtful debt	17.1	14.8	16.0%
Facilities expenses	36.9	30.2	22.3%
Other general & administrative expenses	13.2	15.8	-16.3%
Total	863.3	785.2	10.0%

Operating expenses increased 10.0% to S\$863.3 million mainly due to higher cost of sales, partially offset by lower depreciation and amortisation and other general and administrative expenses.

OPERATING AND FINANCIAL REVIEW

COST OF SALES

	Year Ended 31 December		
	2011 S\$m	2010 S\$m	YoY Change
Handset costs	359.6	297.1	21.1%
Traffic expenses	64.5	59.1	9.1%
Leased circuit costs	33.9	41.4	-18.0%
Wholesale costs of fixed services	22.8	13.2	73.4%
Other costs	84.7	81.4	4.0%
Total	565.6	492.2	14.9%

Cost of sales increased 14.9% to S\$565.6 million mainly due to higher handset costs. Handset costs increased 21.1% to S\$359.6 million on the back of higher sales volume and average unit cost. Leased circuit costs were lower at S\$33.9 million as traffic was cut over from leased lines to our backhaul transmission network. Wholesale costs of fixed services increased to S\$22.8 million as a result of growth in customer base.

STAFF COSTS

Staff costs increased 8.7% to S\$96.9 million mainly due to incremental headcount to support fixed services and increased retail activities.

ADVERTISING AND PROMOTION EXPENSES

Advertising and promotion expenses increased 1.4% to S\$26.5 million, as full year promotions for fixed services were incurred during the year.

DEPRECIATION AND AMORTISATION

Depreciation and amortisation expenses fell 8.5% to S\$107.1 million as some assets were fully depreciated.

ALLOWANCE FOR BAD AND DOUBTFUL DEBT

Doubtful debt allowance increased 16% to S\$17.1 million mainly due to provision made on higher service revenue.

FACILITIES EXPENSES

Facilities expenses increased 22.3% to S\$36.9 million due to higher maintenance expenses as warranty periods for major assets expired.

OTHER GENERAL AND ADMINISTRATIVE EXPENSES

Other general and administrative expenses benefited from exchange gain and decreased 16.3% to S\$13.2 million.

FINANCE COSTS

Finance costs increased 1.9% to S\$6.0 million due to higher short-term borrowings during the year.

NET PROFIT

	Year Ended 31 December		
	2011 S\$m	2010 S\$m	YoY Change
Net profit	164.1	157.1	4.5%
Net profit margin (on service revenue)	21.9%	21.4%	

Net profit at S\$164.1 million was 4.5% higher while net profit margin rose 0.5% point to 21.9%.

EBITDA

	Year Ended 31 December		YoY Change
	2011 S\$m	2010 S\$m	
EBITDA	310.4	313.3	-0.9%
EBITDA margin (on service revenue)	41.4%	42.8%	

EBITDA decreased 0.9% to S\$310.4 million due to higher operating expenses.

EBITDA margin, as a percentage of service revenue, was lower at 41.4%.

CAPITAL EXPENDITURE AND COMMITMENTS

Capital expenditure incurred for 2011 was S\$102.5m as compared to S\$99.9m for 2010.

Capital commitment as at 31 December 2011 was S\$40.8m.

LIQUIDITY AND CAPITAL RESOURCES

	Year Ended 31 December		YoY Change
	2011 S\$m	2010 S\$m	
Profit before tax	197.4	190.5	3.6%
Non-cash item and net interest expense adjustments	73.7	80.7	-8.7%
Net change in working capital	14.5	(83.8)	117.3%
Net cash provided by operating activities	285.6	187.4	52.4%
Net cash used in investing activities	(124.2)	(120.3)	3.2%
Net cash used in financing activities	(158.3)	(65.7)	140.9%
Net change in cash and cash equivalents	3.1	1.4	120.6%
Cash and cash equivalents at beginning of financial period	8.8	7.4	18.1%
Cash and cash equivalents at end of financial period	11.8	8.8	34.8%
Free cash flow ¹	161.3	67.5	139.0%

¹ Free cash flow refers to net cash provided by operating activities less current year capital expenditure and payment for spectrum rights

Operating cash flow increased 52.4% to S\$285.6 million mainly due to lower working capital requirements. As a result, free cash flow at S\$161.3 million for 2011 was 139.0% higher than the previous year.

FINANCIAL LEVERAGE

As at end December 2011, M1's gearing ratio was 90.3% compared to 101.4% as at end December 2010. Interest coverage ratio (EBITDA/Interest) was 52.1x for 2011, lower than 53.6x for 2010.

BOARD OF DIRECTORS

Jamaludin
Ibrahim



Karen Kooi
Lee Wah



Teo Soon Hoe



Roger Barlow



TEO SOON HOE, 62*Chairman*

Mr Teo was appointed to M1's Board of Directors on 7 May 1996. He was appointed as the Chairman of M1 on 1 March 2009. He is Senior Executive Director of Keppel Corporation Limited.

Mr Teo is the Chairman of Keppel Telecommunications & Transportation Ltd and Keppel Philippines Holdings Inc. In addition, he is a Director of several other companies within the Keppel Group, including Keppel Land Limited and k1 Ventures Limited. He is a member of the Wharton Society of Fellows, University of Pennsylvania.

KAREN KOOI LEE WAH, 57*Chief Executive Officer*

Ms Kooi was appointed as Chief Executive Officer and Executive Director of M1 on 22 April 2009. Ms Kooi was also the Acting Chief Executive Officer of M1 from 1 February 2009 to 22 April 2009.

Ms Kooi joined M1 as Chief Financial Officer in August 1995. She was a key member of the senior management team responsible for the planning, development and launch of M1's commercial operations. Prior to joining M1, Ms Kooi held various senior financial positions in large public listed companies, including Singapore Press Holdings Limited and City Developments Limited. She has over 30 years of experience in General and Financial Management. Ms Kooi is a Fellow of the Association of Chartered Certified Accountants (UK) and holds a Master of Business Administration degree in Investment and Finance (Distinction) from the University of Hull in the UK.

ROGER BARLOW, 62

Mr Barlow was appointed to M1's Board of Directors on 22 May 2002. Mr Barlow is Chairman and founder of RJB Consultants Limited, a telecommunications consultancy company operating in Asia and based in Hong Kong. He advises clients on many aspects of telecommunications with a focus on South-East Asia. Mr Barlow is also an independent director of Planet, a wireless broadband service provider in Laos.

Mr Barlow was formerly Director of Global Communications Services at PCCW Limited in Hong Kong. Other past appointments include posts in Reach Ltd in Hong Kong, Cable & Wireless plc in London and Vietnam (where he was Chief Executive Officer of Cable & Wireless Vietnam), and Hong Kong Telecom Limited. Mr Barlow had also been a Director of Great Eastern Telecommunications Ltd and Compunet Corporation in Thailand, and an alternate Director of Reach Ltd and Hong Kong CSL Limited, a leading mobile operator in Hong Kong.

Chow Kok Kee

Low Huan Ping

Reggie Thein

Alan Ow
Soon Sian

Kannan Ramesh



BOARD OF DIRECTORS

CHOW KOK KEE, 60

Mr Chow was appointed to M1's Board of Directors on 16 February 2009. He is Managing Director of ACTA Investment & Services Pte Ltd, which provides business and financial-related services to companies.

Mr Chow has more than 15 years of extensive experience in the financial services industry. Mr Chow is a fellow of the Singapore Institute of Directors, member of the Institute of Engineers, Australia and an associate of the Institute of Chartered Secretaries and Administrators, UK. He worked in the government administrative service for 6 years from 1976, holding management positions in the Ministries of Defence and Education before joining DBS Bank in 1982. He was Senior Vice President of International and Correspondent Banking at DBS Bank.

A Colombo Plan Scholar, he holds a first class honours Bachelor of Engineering degree and a Bachelor of Commerce degree from the University of Newcastle, Australia, and an MBA from the National University of Singapore.

JAMALUDIN IBRAHIM, 52

Mr Jamaludin Ibrahim was appointed to M1's Board of Directors on 21 August 2008. Mr Jamaludin Ibrahim is the Managing Director/President and Group Chief Executive Officer of Axiata Group Berhad ("Axiata"). Prior to his appointment at Axiata, Mr Jamaludin Ibrahim was the Group Chief Executive Officer of Maxis. Mr Jamaludin Ibrahim joined Maxis in 1997 and spent 10 years there before he stepped down as Group Chief Executive Officer. He continued to serve on the Maxis Board until February 2008. Prior to joining Maxis, Mr Jamaludin Ibrahim spent 16 years in the information technology industry. He was the Managing Director and Chief Executive Officer of Digital Equipment Malaysia Sdn Bhd from 1993 to 1997. Before that, he was with IBM Malaysia from 1981 to 1993.

Mr Jamaludin Ibrahim graduated in 1978 from California State University, US, with a Bachelor of Science in Business Administration. He obtained his MBA from Portland State University, Oregon in 1980. Mr Jamaludin Ibrahim is the Chairman of Celcom Axiata Berhad, and a Board Member of PT XL Axiata Tbk in Indonesia. He is also a Board Member of the GSMA (the global World GSM Association) and a Board Member of the Multimedia Development Corporation Malaysia.

KANNAN RAMESH, 46

Mr Ramesh was appointed to M1's Board of Directors on 11 February 2011. He is the Managing Partner of a law firm, Tan Kok Quan Partnership, where he heads the Litigation and Dispute Resolution, and Insolvency and Restructuring practice groups. He was appointed Senior Counsel on 6 January 2012 by the Senior Counsel Selection Committee of the Singapore Academy of Law.

Mr Ramesh is a Director of Singapore Aerospace Manufacturing Pte Ltd, which is a member company of the Singapore Technologies Group. He is also a Director and Fellow of the Insolvency Practitioners Association of Singapore, as a nominee of the Law Society of Singapore.

Besides being a founder member of the International Insolvency Institute, which is based in New York, Mr Ramesh is also a member of INSOL International.

LOW HUAN PING, 55

Mr Low was appointed to M1's Board of Directors on 1 September 1994. He is also the Executive Vice President (Technology) of Singapore Press Holdings Limited.

He is currently serving on the Board of iFast Corporation Pte Ltd, Shareinvestor.com Holdings Ltd, MediaCorp Press Ltd and MediaCorp TV Holdings Pte Ltd.

Mr Low holds a Bachelor of Arts (Honours) and Master of Arts from Cambridge University, where he read Engineering and a Master of Arts from the University of Singapore. He also graduated from Harvard Business School's Advanced Management Program.

ALAN OW SOON SIAN, 65

Mr Ow was appointed to M1's Board of Directors on 16 February 2009. He is a Tax-Consultant/Non-Legal Practitioner with KhattarWong LLP, a law firm.

Mr Ow has extensive years of experience in the tax industry. He was the Senior Deputy Commissioner of IRAS and Chief Executive Officer of the Tax Academy of Singapore until 30 November 2007. He holds a Bachelor of Social Sciences Degree (Honours) from the University of Singapore. He also attended the International Tax Program in Harvard Law School and the Advanced Management Program in Harvard Business School.

Mr Ow is the recipient of several Public Administration Medals (Bronze–1981, Silver–1985 and Gold–1997).

REGGIE THEIN, 71

Mr Thein was appointed to M1's Board of Directors on 8 November 2002. He is also Chairman of the Audit Committee and a member of the Nominating Committee. He is a Director of United Overseas Bank Limited, and a board member and Chairman of the Audit Committee of several listed companies in Singapore, among them Haw Par Corporation Limited, Keppel Telecommunications and Transportation Limited, GuocoLand Limited, GuocoLeisure Limited (formerly known as BIL International Limited), MFS Technology Limited, FJ Benjamin Holdings Ltd and Otto Marine Limited. He is also Director and Chairman of the Audit Committee of Ascendas Pte Ltd and a Director of Energy Support Management Pte Ltd.

Mr Thein is a member of the governing council and Vice Chairman of the Singapore Institute of Directors, a Fellow of the Institute of Chartered Accountants in England and Wales and member of the Institute of Certified Public Accountants of Singapore. Mr Thein was previously a Senior Partner of PricewaterhouseCoopers, Vice-Chairman of Coopers & Lybrand and Managing Partner of its management consulting services firm. In 1999, Mr Thein was awarded the Public Service Medal by the President of Singapore.

SENIOR MANAGEMENT



LEFT TO RIGHT (LEFT PAGE)

Alan Goh

Lee Kok Chew

Poopalasingam Subramaniam

Karen Kooi Lee Wah

Patrick Michael Scodeller

Alex Tan

LEFT TO RIGHT (RIGHT PAGE)

Chan Weng Keong

Anil Sachdev

Lim Sock Leng

Terence Teo Hoon Beng

Ivan Lim

Koh Ann Huat

Raymond Lim



SENIOR MANAGEMENT

LEE KOK CHEW

Chief Financial Officer

Mr Lee joined M1 in August 2007. He was previously with Singapore Press Holdings Limited for 14 years and held various positions in Sales, Finance and Operations. His last appointment prior to joining M1 was Chief Operating Officer of SPH Magazines Pte Ltd. Mr Lee holds a Master of Business Administration degree and a Bachelor of Science (Honours) degree from the National University of Singapore.

PATRICK MICHAEL SCODELLER

Chief Technical Officer

Mr Scodeller joined M1 in 1995. He is responsible for the planning, operations and maintenance of the cellular, fixed and international networks. He was a key member of the senior management team that planned, built and launched M1's networks from inception. He has over 30 years of experience in the telecommunications industry, including various positions held with Telkom in South Africa, Cable and Wireless plc in the UK, Hong Kong (with Hong Kong Telecom CSL Limited) and in Malaysia. Mr Scodeller is an Incorporated Engineer and a member of the Institution of Engineering and Technology. He is a member of the Board of Wireless Intellect Labs Pte Ltd, and currently the Chairman and a member of the Board of Singapore Internet Exchange Limited.

POOPALASINGAM SUBRAMANIAM

Chief Marketing Officer

Mr Subramaniam joined M1 in 1999. He has over 20 years of local and regional sales and marketing experience in telecommunications, media and fast moving consumer goods. He began his career at the Telecommunications Authority of Singapore and worked at New Zealand Milk Products (S) Pte Ltd and Singapore Press Holdings Limited before joining M1. Mr Subramaniam holds a Bachelor of Business Administration (Honours) degree from the National University of Singapore and a Bachelor of Law (Honours) degree from the University of London.

ALAN GOH

Chief Information Officer

Mr Goh helms the Information Systems (IS) department in M1 and is responsible for the overall IS strategy, planning, development and operations of M1's information technology infrastructure and application systems. These include systems that support billing, customer care, call centres, marketing and enterprise resource planning. Mr Goh holds a Bachelor of Science (Computer Science) from the National University of Singapore. Prior to M1, he spent 14 years in the consulting business, with most of that time focusing on the communications and media markets.

TERENCE TEO HOON BENG

Director, Customer Service

Mr Teo joined M1 in March 1998. He has more than 20 years of experience in service and operations management. Prior to joining M1, he was the Vice-President of Operations at Citibank (1993 – 1998), Card Operations Manager at Standard Chartered Bank (1989 – 1992) and Customer Service Manager at American Express International Inc (1981 – 1988). Mr Teo holds a Bachelor of Business Administration degree from the University of Singapore.

LIM SOCK LENG

Director, Human Resource and Corporate Development

Ms Lim joined M1 in October 1995. Prior to joining M1, she was with the Administrative Service of the Singapore Civil Service, involved in policy making, financial control and planning, and has held positions in various Ministries including the Ministry of Home Affairs, the Ministry of Finance and the Ministry of Communications. Ms Lim obtained a Bachelor of Arts (Honours) degree in Economics from the University of Tasmania, Australia, on a Colombo Plan Scholarship.

ANIL SACHDEV
Director, Legal Services

Mr Sachdev joined M1 in July 2007 and was appointed as Head of Department in 2009.

Mr Sachdev graduated from National University of Singapore in 1991 with an LLB (Honours). He was called to the Singapore Bar in 1992 and to the Bar of England and Wales in 2004. Mr Sachdev enjoyed a legal career in private practice in top law firms including Drew & Napier and Rajah & Tann, as well as in-house practice in Neptune Orient Lines and American Eagle Tankers. He has a background in both litigation and corporate transactions. Prior to joining M1, Mr Sachdev was Vice President and Head, Legal at American Eagle Tankers, a global tanker shipping company with a significant presence in Asia, US and Europe.

ALEX TAN
Director, Product Development

Mr Tan joined M1 in October 2009. Prior to joining M1, he was one of the Managing Directors and owners of QALA Singapore Pte Ltd and the QMax group of companies. While leading the group operations at QALA and QMax, he was responsible for the first commercial WIMAX service in Singapore as well as the islandwide deployment of WIFI coverage in Singapore under the Wireless@SG initiative by the Infocomm Development Authority (IDA) of Singapore. With over 13 years of industry and operational experience in data and telecommunication products and services, Mr Tan has played major roles in various national telecommunication projects initiated by government agencies such as the Maritime Port Authority of Singapore, Ministry of Education and Infocomm Development Authority of Singapore.

KOH ANN HUAT
Director, Procurement & Facilities

Mr Koh joined M1 in 1997 and has since held various positions in the Finance, Sales & Marketing, Information Systems and Engineering Departments. He is currently responsible for the centralised Procurement function, SIM and Number Management as well as Facilities. Prior to joining M1, Mr Koh was with the Defence Science & Technology Agency for 5 years. Mr Koh holds a Bachelor of Engineering (Honours) degree from the Nanyang Technological University.

IVAN LIM
Director, Corporate Communications and Investor Relations

Mr Lim joined M1 in September 2002 and has held positions in the Finance and Business Development departments before taking on his current appointment in January 2011. Prior to joining M1, he was an Investment Analyst for over four years, with various companies including Indosuez WI Carr Securities and OCBC Securities. Mr Lim holds a Bachelor of Science degree in Economics from the National University of Singapore, and is a Chartered Financial Analyst.

CHAN WENG KEONG
Director, Management Assurance Services

Mr Chan joined M1 in 2006. He has over 15 years' work experience with Ernst & Young Chartered Accountants, Morgan Guaranty Trust of New York, Standard Chartered Bank, The Singapore Exchange and Oversea-Chinese Banking Corporation Limited. Based in London, Singapore and Japan, he held various international and local roles with these organisations covering areas such as back office regionalisation, operational reviews, systems consultancy, business solution design and methodology development, investigations, external and internal audits. He has also performed reviews on behalf of the Bank of England and The National Audit Office in the UK.

Mr Chan has a Masters degree in Systems Analysis and Design from The City University (UK), together with a Bachelor of Arts degree (Honours) in Accounting and Finance from the Middlesex Polytechnic (UK). He is also a Fellow Chartered Certified Accountant (UK).

RAYMOND LIM
General Manager, Strategic Planning

Mr Lim joined M1 in October 1996 and was part of the pioneering team that launched M1's services in 1997. Before his current appointment, he has held positions in corporate development, market analysis and research, business development, and corporate planning. He has also contributed to a number of key M1 initiatives, including the rollout of new billing and CRM systems, and bids for the Next Generation Nationwide Broadband Network project. Prior to joining M1, he was with Singapore Airlines where he worked on route network yield management and international relations. Mr Lim holds a Bachelor of Engineering (Honours) degree and a Master of Business Administration degree from the National University of Singapore.

INVESTOR RELATIONS

M1 continued to engage the investment community, shareholders and other interested parties via various communication channels throughout 2011. Demonstrating best practice corporate governance processes with open and timely communication is our way of engaging our stakeholders, enabling them to receive relevant updates regularly and maintain an informed opinion of the Company.

In 2011, M1 continued to release quarterly, interim and full-year results to the public within one month of period end. All materials relating to the Company's results, including presentation slides, were made available immediately on our website, after mandatory posting with the Singapore Exchange (SGX). Analysts, investors and the media were invited to join our results conference calls, which were followed by question and answer sessions with senior management, on the same day of every results announcement. For the FY2011 full-year results, we conducted an in-person briefing at a centrally located venue. Audio webcasts of these events were also made available on the M1 website.

Key corporate developments that took place during the year for M1 included the set up of our own active network, in line with the expansion of our fixed line business, as well as the launch of our Long Term Evolution network within the financial district. To ensure all interested parties are provided with first-hand updates of the various developments, the IR team sends relevant press releases to these stakeholders and takes a proactive approach in answering any subsequent queries. Senior management also plays an active role in providing analysts and investors with timely updates on the Company's developments and outlook through various avenues, such as phone calls, teleconferences, ad-hoc meetings, non-deal roadshows (NDRs) and investor conferences, both locally and abroad.

As at 27 February 2012, the free float¹ of M1 shares was 37.4%, with the majority shares held by institutional investors across Asia, UK and USA. With the objective of reaching out to current and potential institutional investors in these regions, we undertook three NDRs in 2011 to Japan, UK, USA and Hong Kong. Locally, we participated in three investor conferences, namely the CLSA Corporate Access Forum, the UBS Pan-Asian Telco Conference and the HSBC Inaugural ASEAN Conference.

As an easily accessible channel for analysts, current and potential investors to raise any clarifications or provide feedback with regards to the Company, the M1 IR team welcomes all email queries, which can be addressed to ir@m1.com.sg. We strive to always respond to all received queries in an effective and prompt manner. Shareholders and interested parties are encouraged to access the M1 corporate website at www.m1.com.sg for the latest updates.

The Annual General Meeting (AGM) is an important platform for shareholders to communicate any questions about the Company to the Board and members of the senior management team directly. With that in mind, we continue to host our AGMs at a central and accessible location, to accommodate to shareholders' convenience. All Board members and members of the senior management team make their best effort to attend each AGM to interact with shareholders. Our ninth AGM, held on 7 April 2011 at The Fullerton Hotel, was well attended by shareholders.

M1 remains committed to creating long-term value for its shareholders. This is exhibited through our long-standing policy of maintaining a sustainable dividend payout ratio and returning excess cash to shareholders in the absence of value-enhancing opportunities. In FY2011, we continued to distribute 80% of net profit after tax, a payout ratio that has been maintained since FY2005. The total dividend declared to shareholders for FY2011 amounted to 14.5 cents per share. In reference to total shareholder return (comprising of capital gains and cash distributions received), M1's return to shareholders for the year 2011 was 14.0% on the amount invested at the start of the same year.

¹ Free float is defined as the percentage of total issued share capital of the Company held in the hands of the public (on the basis of information available to the Company)

HISTORICAL CAPITAL DISTRIBUTIONS

Year	Interim Dividend (cents)	Final Dividend (cents)	Special Dividend (cents)	Other Distributions (cents) ²
2011	6.6	7.9 ¹	-	-
2010	6.3	7.7	3.5	-
2009	6.2	7.2	-	-
2008	6.2	7.2	-	-
2007	2.5	8.3	-	4.6
2006	5.8	7.5	-	22.2
2005	5.0	8.1	12.2	-
2004	4.9	5.8	-	11.0
2003	3.9	5.5	-	-
2002	-	7.3	-	-

Note: On per share and declared basis

¹ Subject to shareholders' approval at the AGM

² M1 undertook capital reduction exercises in 2004, 2006 and 2007

FINANCIAL CALENDAR FOR 2012

Date	Event/Announcement
16 January 2012	Release of FY2011 full-year results
5 April 2012	Annual General Meeting
26 April 2012	Payment of FY2011 final dividends (subject to shareholders' approval at the AGM)
April 2012 ¹	Release of FY2012 first-quarter results
July 2012 ¹	Release of FY2012 half-year results
August 2012 ¹	Payment of FY2012 interim dividends (if applicable)
October 2012 ¹	Release of FY2012 third-quarter results

¹ Actual date will be released through M1's and SGX's websites, closer to the event/announcement

SUSTAINABILITY REPORT

M1, as a responsible corporate citizen, believes that the well-being of our society and environment is critical to our ability to grow and sustain our business over the long term.

We are pleased to present our inaugural sustainability report.

Sustainability reporting is a holistic disclosure that encompasses the environmental and social, as well as financial and governance aspects of an organisation's performance.

With the disclosure of financial and governance performances already forming part of our annual reporting to stakeholders, we are now broadening our disclosure framework to include our environment and social interaction as well.

M1, as a responsible corporate citizen, believes that the well-being of our society and environment is critical to our ability to grow and sustain our business over the long term.

M1 adopts a progressive approach to our sustainability initiatives, balancing the achievement of our business objectives and efforts towards the well-being of our society and environment.

Within this new section, we will address our sustainability efforts in the following areas:

- Corporate governance
- Our people
- Our community
- Our environment

We plan to publish this section annually, and welcome feedback on this report at: corpcomms@m1.com.sg

CORPORATE GOVERNANCE

M1 Limited is committed to maintaining a high standard of corporate governance within the Group to protect the interests of its shareholders and enhance long-term shareholder value. This report describes the Company's corporate governance processes and activities with specific reference to the Code of Corporate Governance (Code) established by the Singapore Corporate Governance Committee and relevant sections of the Listing Manual issued by the Singapore Exchange Securities Trading Limited (SGX-ST).

1 BOARD OF DIRECTORS (Code of Corporate Governance Principles 1, 2, 4, 6 & 10)

The Board of Directors is accountable to the shareholders and oversees the management of the business and affairs of the Group. Key roles of the Board include approving the Group's objectives, strategic directions and major corporate policies, monitoring and reviewing financial and operating performance, approving annual budgets and major funding and investment proposals, ensuring an effective risk management framework is in place, and appointing Board Directors and key managerial personnel. Material transactions that require Board approval are capital expenditure in excess of S\$5 million and operating expenditure in excess of S\$3 million.

Currently, the Board comprises nine Directors, all of whom are non-executive except for the Chief Executive Officer, and five of whom are independent. The Board consists of respected individuals from different backgrounds and whose core competencies, qualifications, skills and experience are extensive and complementary. Details of the Directors' academic and professional qualifications and other appointments are set out on pages 56 to 58 of the Annual Report.

To facilitate effective management, certain functions have been delegated to various Board committees, namely the Nominating Committee, Remuneration Committee and Audit Committee, each of which has its own written terms of reference. The Board members and Board Committee members are set out below:

Name	Status	Board	Nominating Committee	Remuneration Committee	Audit Committee
Non-executive					
Teo Soon Hoe	N	Chairman		Member	
Roger Barlow	I	Member	Member ¹	Chairman	
Chow Kok Kee	I	Member	Chairman ²	Member	
Jamaludin Ibrahim	N	Member			
Kannan Ramesh ³	I	Member			Member ⁴
Low Huan Ping	N	Member		Member	
Alan Ow Soon Sian	I	Member		Member ⁵	Member
Reggie Thein	I	Member	Member		Chairman
Executive					
Karen Kooi Lee Wah	N	Member			

N: Non-independent

I: Independent

¹ Mr Roger Barlow was appointed to the Nominating Committee with effect from 15 April 2011

² Mr Chow Kok Kee was appointed as the Chairman of the Nominating Committee with effect from 15 April 2011

³ Mr Kannan Ramesh was appointed as a Director with effect from 11 February 2011 and re-elected at the Annual General Meeting on 7 April 2011

⁴ Mr Kannan Ramesh was appointed to the Audit Committee with effect from 25 February 2011

⁵ Mr Alan Ow Soon Sian was appointed to the Remuneration Committee with effect from 19 January 2011

CORPORATE GOVERNANCE

At least one-third of the Directors retire at the Annual General Meeting each year. The dates of initial appointment and last re-election or re-appointment of the Directors are set out below:

Name	Age	Position	Date of Initial Appointment	Date of Last Re-election or Re-appointment
Teo Soon Hoe	62	Chairman & Director	01.03.2009 07.05.1996	08.04.2010
Karen Kooi Lee Wah	57	Executive Director	22.04.2009	08.04.2010
Roger Barlow	62	Director	22.05.2002	07.04.2011
Chow Kok Kee	60	Director	16.02.2009	07.04.2011
Jamaludin Ibrahim	52	Director	21.08.2008	07.04.2011
Kannan Ramesh	46	Director	11.02.2011	07.04.2011
Low Huan Ping	55	Director	01.09.1994	08.04.2010
Alan Ow Soon Sian	65	Director	16.02.2009	07.04.2009
Reggie Thein	71	Director	08.11.2002	07.04.2011

To enable the Board to fulfil its responsibilities, Directors are provided with monthly management financial statements setting out actual against budget, as well as previous year's comparatives and explanations on any material variances. In addition, management provides the Board with financial and operating reports reviewing performance in the most recent quarter, and relevant background or explanatory information required to support the decision-making process on a regular and timely basis. In line with advancements in technology, Directors and senior management can securely access and read Board and Board Committee papers prior to and at meetings via tablet devices.

All Directors have separate and independent access to senior management and to the Company Secretary. The Company Secretary administers, attends and prepares minutes of Board meetings, and assists the Chairman in ensuring that Board procedures are followed and reviewed so that the Board functions effectively, and the Company's Memorandum and Articles of Association and relevant rules and regulations, including requirements of the Companies Act and the SGX-ST, are complied with. The Company Secretary also acts as the primary channel of communication between the Company and the SGX-ST.

Should Directors, whether as a group or individually, need independent professional advice in the furtherance of their duties, the cost of such professional advice is borne by the Company.

Regular quarterly Board meetings are scheduled yearly in advance. Additional meetings are scheduled in-between to provide technical updates and to discuss or deliberate on strategic or compliance issues where necessary. During the year, seven Board meetings were held. The Company's Articles of Association provide for telephonic and videoconference meetings. The number of applicable Board meetings held in 2011, as well as the attendance of every Board member at those meetings applicable to them was as follows:

Director	Number of Applicable Board Meetings Held in 2011	Number of Applicable Board Meetings Attended
Teo Soon Hoe	7	7
Karen Kooi Lee Wah	7	7
Roger Barlow	7	7
Chow Kok Kee	7	7
Jamaludin Ibrahim	7	5
Kannan Ramesh ¹	6	5
Low Huan Ping	7	7
Alan Ow Soon Sian	7	7
Reggie Thein	7	6
Thio Su Mien ²	2	1
Patrick Yeoh Khwai Hoh ³	2	1

¹ Mr Kannan Ramesh was appointed as a Director with effect from 11 February 2011 and re-elected at the Annual General Meeting on 7 April 2011

² Dr Thio Su Mien retired as a Director with effect from 7 April 2011

³ Mr Patrick Yeoh Khwai Hoh retired as a Director with effect from 7 April 2011

2 CHAIRMAN AND CHIEF EXECUTIVE OFFICER (Code of Corporate Governance Principle 3)

Mr Teo Soon Hoe is the Chairman of the Company and Ms Karen Kooi Lee Wah is the Chief Executive Officer. They each perform separate functions to ensure that there is an appropriate balance of authority and responsibilities, and that accountability and independent decision-making are not compromised.

3 NOMINATING COMMITTEE ("NC") (Code of Corporate Governance Principles 4 & 5)

The NC comprises entirely independent Directors, namely Mr Chow Kok Kee (NC Chairman), Mr Roger Barlow and Mr Reggie Thein.

The NC, which has written terms of reference approved by the Board, performs the following functions:

- Ensure a strong and independent element on the Board, with independent Directors making up at least one-third of the Board;
- Determine the size of the Board which facilitates effective decision making, taking into account the scope and nature of the operations of the Company;
- Determine the composition of the Board to comprise Directors who as a group provide core competencies such as accounting or finance, business or management experience, industry knowledge, strategic planning experience and customer-based experience or knowledge;
- Implement and disclose a formal and transparent process for the appointment of new Directors to the Board;

CORPORATE GOVERNANCE

- (e) Consider, review and recommend to the Board any new Board appointment or re-appointment, whether of executive or non-executive Directors, having regard to the Director's contribution and performance, including, if applicable, as an independent Director;
- (f) Determine annually if a Director is independent (taking into account the circumstances set out in Guideline 2.1 of the Code) and other salient factors;
- (g) Decide if a Director is able to and has been adequately carrying out his duties as a Director of the Company;
- (h) Decide and propose to the Board for approval and implementation a set of objective performance criteria to be applied from year to year for evaluating the performance of the Board, as well as a process by which the effectiveness of the Board as a whole and the contribution of each Director to the effectiveness of the Board can be assessed;
- (i) Evaluate the effectiveness of the Board as a whole and the contribution of each Director to the effectiveness of the Board in accordance with the assessment process and performance criteria referred to in (h) above; and
- (j) Other matters (if any) that the NC should consider, review or approve or in respect of which it should take any other action, as set out in the Code.

The number of applicable NC meetings held in 2011 and the attendance of each member at those meetings were as follows:

NC Member	Number of Applicable NC Meetings Held in 2011	Number of Applicable NC Meetings Attended
Chow Kok Kee ¹	2	2
Roger Barlow ²	2	2
Reggie Thein	3	3
Thio Su Mien ³	1	1
Patrick Yeoh Khwai Hoh ⁴	1	1

¹ Mr Chow Kok Kee was appointed as the Chairman of the Nominating Committee with effect from 15 April 2011

² Mr Roger Barlow was appointed to the Nominating Committee with effect from 15 April 2011

³ Dr Thio Su Mien retired as a Director with effect from 7 April 2011

⁴ Mr Patrick Yeoh Khwai Hoh retired as a Director with effect from 7 April 2011

The NC reviewed the independence of the Directors and arrived at its conclusions regarding each Director as set out in Section 1 ("Board of Directors").

The NC supervised an exercise to evaluate the Board's and individual Director's performance. The objective of the exercise was to identify and prioritise areas for continuous improvement to the Board's effectiveness.

For this purpose, an independent consultant was appointed to conduct the evaluation process. The evaluation of the Board as a whole and evaluation of individual Directors were based on the framework established and used in the previous year and as updated by the NC. The consultant provided summarised findings, interpretation of findings and preliminary recommendations for the Board's consideration. In addition, on 25 August 2011, the Company also appointed an independent advisor to provide valuable insight to the Chairman and the Board on the results of the evaluation.

All Directors assessed the Board as a whole on each of the following parameters:

- Board composition and independence
- Board role and functioning
- Board processes
- Information management
- Monitoring company performance
- Board Committee effectiveness

- Managing risks and adversity
- CEO performance and succession planning
- Corporate integrity and social responsibility
- Director development and management
- Overall perception of the Board

In addition, the contribution of each individual Director to the effectiveness of the Board was assessed by their peers on the Board. The evaluation was based on the following five parameters:

- Contribution
- Knowledge and abilities
- Teamwork
- Integrity
- Overall effectiveness

The Board expects to carry out evaluation of the Board as a whole and self-evaluation exercises annually to identify areas of improvement and as a form of good Board management practice.

4 REMUNERATION COMMITTEE ("RC") (Code of Corporate Governance Principles 7 & 8)

The RC comprises Mr Roger Barlow as Chairman, Mr Low Huan Ping, Mr Teo Soon Hoe, Mr Chow Kok Kee and Mr Alan Ow Soon Sian, all of whom are non-executive Directors. Mr Roger Barlow, Mr Chow Kok Kee and Mr Alan Ow Soon Sian are the independent Directors on the RC.

The Director of Human Resource assists the RC in the execution of its functions and the RC has access to external expert advice, if required.

The RC, which has written terms of reference approved by the Board, performs the following functions:

- Recommend to the Board a framework of remuneration for the Board of Directors and key executives;
- Recommend to the Board the specific remuneration packages for all executive and non-executive Directors and the CEO or executive of similar rank, if the CEO is not an executive Director;
- Recommend to the Chairman of the Board for endorsement of the remuneration of the CEO;
- Review the remuneration of senior management;
- Decide on long-term incentive benefits, including the Company's Share Option Scheme and the scope of eligibility for such long-term incentive;
- Approve the granting of share options under the Company's Share Option Scheme and administer the Share Option Scheme in accordance with the rules of the Scheme; and
- Ensure that remuneration of the Board of Directors is in compliance with the Code.

CORPORATE GOVERNANCE

The number of applicable RC meetings held in 2011 and the attendance of each member at those meetings were as follows:

RC Member	Number of Applicable RC Meetings Held in 2011	Number of Applicable RC Meetings Attended
Roger Barlow	4	4
Chow Kok Kee	4	4
Low Huan Ping	4	4
Teo Soon Hoe	4	4
Alan Ow Soon Sian ¹	3	3

¹ Mr Alan Ow Soon Sian was appointed to the Remuneration Committee with effect from 19 January 2011

5 DISCLOSURE ON REMUNERATION (Code of Corporate Governance Principles 8 & 9)

The Company sets remuneration packages to ensure that they are competitive and sufficient to attract, retain and motivate Directors and senior management of the required experience and expertise to run the Group successfully.

In setting remuneration packages for Directors and officers of the Group, the pay and employment conditions within the industry and in comparable companies are taken into consideration.

Directors' fees are subject to shareholder approval at the Annual General Meeting. Each non-executive Director is paid a fixed fee, the amount of which takes into account the level of responsibilities held. The framework for determining fees payable to each non-executive Director for 2011 is as follows:

Board	Chairman	S\$40,000 per annum
	Member	S\$30,000 per annum
Audit Committee	Chairman	S\$20,000 per annum
	Member	S\$15,000 per annum
Nominating Committee	Chairman	S\$15,000 per annum
	Member	S\$10,000 per annum
Remuneration Committee	Chairman	S\$15,000 per annum
	Member	S\$10,000 per annum

The annual remuneration of non-executive Directors payable for 2011 is as follows:

Non-Executive Director	Position Held	Director's Fee
Teo Soon Hoe	Board Chairman, RC member	S\$50,000
Roger Barlow	Board member, RC Chairman, NC member	S\$52,151
Chow Kok Kee	Board member, NC Chairman, RC member	S\$50,726
Jamaludin Ibrahim	Board member	S\$30,000
Kannan Ramesh	Board member, AC member	S\$39,370
Low Huan Ping	Board member, RC member	S\$40,000
Alan Ow Soon Sian	Board member, AC member, RC member	S\$54,507
Reggie Thein	Board member, AC Chairman, NC member	S\$60,000
Thio Su Mien	Board member, NC Chairman, AC member	S\$15,780
Patrick Yeoh Khwai Hoh	Board member, AC member, NC member	S\$14,465

For each non-independent non-executive Director, fees are paid to the relevant shareholder nominating him.

In setting the remuneration packages of the Company's CEO and senior management, performance-related elements are incorporated in order to align interests with those of shareholders and link rewards to corporate and individual performance. In 2011, the level and mix of the annual remuneration of the Company's CEO and Executive Director, and each of the top five members of senior management (who are not also Directors), in bands of S\$250,000, are set out below:

Remuneration Band	Fixed	Bonuses	Retirement / CPF Contribution	Benefits-in-kind	Share Options	Number of Share Options Granted
S\$1,000,000 to S\$1,250,000						
Karen Kooi Lee Wah	38%	36%	1%	6%	19%	800,000
S\$750,000 to S\$1,000,000						
Patrick Michael Scodeller	35%	23%	7%	25%	10%	300,000
S\$250,000 to S\$500,000						
Lee Kok Chew	50%	20%	3%	7%	20%	300,000
Poopalasingam Subramaniam	55%	22%	2%	6%	15%	300,000
Terence Teo Hoon Beng	59%	23%	2%	6%	10%	200,000
Lim Sock Leng	50%	23%	2%	7%	18%	300,000

In 2011, options were granted to the above members of the senior management team as part of the Company's Share Option Scheme, further details of which can be found on pages 62 to 63 of the Annual Report.

CORPORATE GOVERNANCE

6 AUDIT COMMITTEE ("AC")

(Code of Corporate Governance Principles 11, 12 & 13; Listing Manual Rule 1207(6))

The AC comprises Mr Reggie Thein as Chairman, Mr Kannan Ramesh and Mr Alan Ow Soon Sian as members, all of whom, including the Chairman, are independent Directors. Two of the members, including the Chairman, have accounting, tax or related financial management expertise or experience.

The AC, which has written terms of reference approved by the Board, performs the following delegated functions:

- (a) Review with external auditors the audit plan including the nature and scope of the audit before its commencement, their evaluation of the systems of internal controls, their annual reports and their management letters and management's response;
- (b) Review significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Company and any formal announcements relating to the Company's financial performance. This includes a review of quarterly, half-year and annual financial statements before submission to the Board for its approval;
- (c) Review the assistance given by management to external auditors;
- (d) Review the independence and objectivity of the external auditors;
- (e) Review the nature and extent of non-audit services performed by external auditors;
- (f) Examine the scope of internal audit procedures and the results of the internal audit;
- (g) Review the adequacy of the Company's internal financial controls, operational and compliance controls, and risk management policies and system established by Management (collectively "internal controls"), and ensure that a review of the effectiveness of the Company's internal controls is conducted at least annually and such a review can be carried out by the external and/or internal auditors;
- (h) Meet with the external and internal auditors without the presence of management at least annually;
- (i) Review the effectiveness of the Company's internal audit function and ensure that it is adequately resourced and has appropriate standing within the Company;
- (j) Investigate any matter which falls within the AC's terms of reference, having full access to and co-operation by management and the full discretion to invite any Director or executive officer to attend its meetings, and reasonable resources to enable it to discharge its functions properly;
- (k) Review interested persons transactions falling within the scope of Chapter 9 of the Listing Manual of the SGX-ST;
- (l) Make recommendation to the Board on the appointment/re-appointment/removal of external auditors, and approve the audit fees and terms of engagement of external auditors;
- (m) Obtain regular updates from management on key enterprise-wide risks faced by the Company, so as to enable the AC to clearly define its oversight responsibilities and review the process available to manage these risks; and
- (n) Review arrangement by which staff of the Company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters, so as to ensure that arrangements are in place for the independent investigation of such matters and for appropriate follow-up action.

The number of applicable AC meetings held in 2011 and the attendance of each member at those meetings were as follows:

AC Member	Number of Applicable AC Meetings Held in 2011	Number of Applicable AC Meetings Attended
Reggie Thein	4	4
Kannan Ramesh ¹	3	3
Alan Ow Soon Sian	4	4
Thio Su Mien ²	1	1
Patrick Yeoh Khwai Hoh ³	1	1

¹ Mr Kannan Ramesh was appointed to the Audit Committee with effect from 25 February 2011 and re-elected at the Annual General Meeting on 7 April 2011

² Dr Thio Su Mien retired as a Director with effect from 7 April 2011

³ Mr Patrick Yeoh Khwai Hoh retired as a Director with effect from 7 April 2011

During the year, the AC had full access to and cooperation from the Company's management, and external and internal auditors. The Chief Executive Officer, Chief Financial Officer and Deputy Director of the Finance Department, as well as the external and internal auditors, attended the meetings of the AC. The AC also had full access to the external and internal auditors without the presence of Management.

The AC reviewed the financial statements of the Group quarterly before submitting them to the Board for its approval and subsequent public release. The AC also reviewed and monitored the Group's financial condition, external and internal audits, exposure to risks and the effectiveness of the Group's system of accounting, internal controls and risk management programme.

The AC considered the volume of non-audit services provided by the external auditors to the Group, and being satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors, confirmed their re-nomination.

7 RISK MANAGEMENT (Listing Manual Rule 1207(4)(b)(iv))

Risk management continues to be an integral part of the Company's overall business planning, decision-making, strategic and operational management processes, to ensure the Company can achieve its business objectives and enhance shareholders' value. Key practices employed in managing risks and opportunities include environmental scans, clear policies and accountabilities, monitoring of key performances, operational indicators and management reporting.

The Board, via the AC, has general oversight through an executive team, comprising members of senior management who are responsible for driving the risk management processes and controls. Risk accountability is clearly assigned across all departments and functional units.

During the year, the risk reporting methodology and processes were reviewed to improve consistency in our risk identification and assessment across the Company. Business continuity and crisis management plans were further fine-tuned to ensure readiness to handle unforeseen events that could affect business operations. Risk training programmes are also conducted on an on-going basis to inculcate and reinforce a proactive risk management culture within the Company.

Overall, M1 adopts a prudent and proactive approach to achieve an optimal balance between risks and returns. Resources are channelled to mitigate key risks through a structured risk reporting framework and control measures, thereby enhancing our decision making capabilities and organisational resilience.

CORPORATE GOVERNANCE

8 INTERNAL CONTROLS

(Code of Corporate Governance Principle 12)

The Board believes that, in the absence of any evidence to the contrary, the system of internal controls maintained by the Group's management and in place throughout the year, as reviewed regularly, and up to and as of the date of this report is adequate to address the financial, operational and compliance risks of the Group in its current business environment. The AC has reviewed the effectiveness of the internal controls.

The system of internal controls provides reasonable, but not absolute, assurance that the Group will not be adversely affected by any event that could be reasonably foreseen as it strives to achieve its business objectives.

However, the Board notes that no system of internal controls could provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgement in decision-making, human errors, losses, fraud or other irregularities.

9 INTERNAL AUDIT

(Code of Corporate Governance Principle 13)

The Group has an internal audit function that is independent of the activities it audits.

The Internal Auditor reports primarily to the Chairman of the AC and administratively to the CEO. The Internal Auditor meets the standards set by internationally recognised professional bodies including the Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors.

The AC reviews, on an annual basis, the adequacy of the internal audit function. The AC has reviewed and is satisfied that the Company's internal audit function is adequately resourced and has appropriate standing within the Company.

10 COMMUNICATION WITH SHAREHOLDERS

(Code of Corporate Governance Principles 10, 14 & 15)

Communication with shareholders and the investment community forms an integral part of the Group's corporate governance and commitment to transparent, comprehensive and prompt disclosure. A number of communication channels are used to account to shareholders for the performance of the Company and to provide updates on pertinent developments. These include the annual report, quarterly results and other announcements made through the SGX website, press releases and the Company's website, as well as through the Annual General Meeting (AGM). Presentations given at appropriate intervals to representatives of the investment community and audio webcasts of quarterly results presentations, including question and answer sessions, are also made available on the Company's website.

During the year, the Company continued to release its quarterly and full year results within one month from the end of the relevant financial period, in the form of a press release, financial statements containing management's discussion and analysis of performance and outlook, and a presentation containing highlights and a review of financial and operating performance. Conference calls with media and analysts were held jointly immediately after the release of results, while an in-person briefing was conducted for the full year results announcement. Audio webcasts of these events were made available on the Company's website. Information on major new initiatives by the Group was also made public as soon as feasible. The Company participated in several investor conferences and roadshows during the year, and discussions were based on publicly available materials and information. The Company does not practise selective disclosure, and is mindful of the remedial action required to make public disclosure as soon as practicable, should there be an event of inadvertent disclosure.

The Group views the AGM as an important platform for shareholders to engage in interactive and open dialogue with the Board and senior management. As such, all Board members and senior management of the Group make their best effort to attend each AGM. During the year, the Annual Report and notice of the AGM were sent to all shareholders two weeks prior to the AGM which was held on 7 April 2011. This gave shareholders sufficient time to review the information. During the AGM, shareholders had the opportunity to voice their views and direct questions regarding the Group to Directors, including the Chairman and the chairmen of the Board Committees, as well as to the Company's senior management.

In addition, through a dedicated Investor Relations team, the Company managed ongoing communication with the investment community throughout the year and responded diligently and promptly to all enquiries from shareholders, analysts and other interested parties.

11 SECURITIES TRANSACTIONS (Listing Manual Rule 1207(19))

The Group has issued a Code for Dealings in M1 Shares (M1 Code) for the guidance of Directors, management and officers. The M1 Code, which is based on the SGX-ST Listing Rule 1207(19) with respect to dealings in securities, stipulates that Directors, management and officers of the Group who have access to price-sensitive and confidential information are not permitted to deal in the Company's shares during the periods commencing two weeks before the announcement of the Group's first and third quarter results and one month before the announcement of the Group's half and full year results and ending on the date of the announcement of such results; and when they are in possession of price-sensitive and confidential information, in accordance with the laws of insider trading. The M1 Code is incorporated as part of the Group's Human Resource Manual and is available on the Intranet accessible by all staff. A reminder is also circulated to Directors, management and officers every quarter before the commencement of the period during which dealings in shares are prohibited and to those with access to price-sensitive and confidential information.

CORPORATE GOVERNANCE

12 INTERESTED PERSON TRANSACTIONS AND MATERIAL CONTRACTS

(Listing Manual Rule 907 & 1207(8))

Interested person transactions carried out during the financial year ended 31 December 2011 by the Group were as follows:

	Aggregate Value of all Interested Person Transactions during the Financial Year under Review (excluding transactions less than S\$100,000 and transactions conducted under Shareholders' Mandate pursuant to Rule 920)	Aggregate Value of all Interested Person Transactions conducted under a Shareholders' Mandate pursuant to Rule 920 of the SGX Listing Manual (excluding transactions less than S\$100,000)
	2011	2011
	S\$'000	S\$'000
Transactions for the Purchase of Goods and Services¹		
SingTel Group	-	4,635
Telekom Malaysia Berhad	-	6,908
Axiata Group Berhad	-	1,902
Trisilco Folec Pte Ltd	-	1,824
Keppel Logistics Pte Ltd	-	971
Keppel FMO Pte Ltd	-	981
CapitaMall Trust	-	1,910
MediaCorp Group	-	203
Starhub Ltd	-	4,452
Temasek Holdings (Private) Limited & its associates	-	5,680
Transactions for the Sale of Goods and Services		
Telekom Malaysia Berhad	-	4,731
Axiata Group Berhad	-	329
Temasek Holdings (Private) Limited & its associates	-	303
Total Interested Person Transactions	-	34,829

¹ As defined in Chapter 9 of the Listing Manual of the SGX-ST

Save for the interested person transactions disclosed above, there were no other material contracts entered into by the Company and its subsidiaries involving the interests of its CEO, Directors or controlling shareholders, which are either still subsisting at the end of the financial year or, if not then subsisting, entered into since the end of the previous financial year.

OUR PEOPLE



M1 is committed to our people, our most important asset. It is only with the shared vision, drive and hard work of all at M1 that the Group is what it is today, and this same factor will be the determinant of our future success.

M1 is committed to our people, our most important asset. It is only with the shared vision, drive and hard work of all at M1 that the Group is what it is today, and this same factor will be the determinant of our future success. We place a strong emphasis on team work and believe in investing in our staff, developing their talents and helping them grow in capability and responsibility while giving everyone the chance to achieve their full potential in a work-life integrated environment.

STAFF PROFILE

M1 employed 1,491 staff as at end December 2011, with 10% on part-time or contract work basis. Our staff demographics are generally in line with national averages, and the average employee age is 34.

Gender

	Number	Mix %
Male	716	48.0
Female	775	52.0
Total	1,491	100.0

Type of Employment

	Number	Mix % ¹
Full-time	1341	89.9
Part-time	78	5.2
Contract	72	4.8
Total	1,491	100.0

¹ Figures may not add up due to rounding

Length of Service

	Number	Mix %
< 5 years	838	56.2
5 - 10 years	186	12.5
> 10 years	467	31.3
Total	1,491	100.0

OUR PEOPLE



M1 is committed to creating an engaging work environment that also supports a healthy work-life integrated lifestyle for all staff.

MOTIVATING PERFORMANCE

In 2011, we continued to maintain a meritocratic and non-discriminatory work environment, with all of our recruitment, promotion and remuneration policies based on individual performance and merit.

To foster a performance-based work culture, our staff compensation scheme includes a base salary commensurate with their skills and experience, along with a variable and incentive bonus programme based on individual performance. Staff evaluation is conducted on a detailed appraisal system which features a direct feedback mechanism.

M1 also has a structured career-planning programme designed to promote professional growth.

To further strengthen the linkage between reward and long-term performance, as well as to retain talents, M1 has in place an employee share option plan for senior staff which vests over a three year period.

ENCOURAGING LEARNING AND DEVELOPMENT

At M1, we believe continuous learning is integral to our staff's career and personal development. Through both internal and external programmes, M1 invests heavily in the training and development of each employee.

We have a dedicated in-house Learning & Development (L&D) team, which provides onboarding and integration programmes for new staff, soft skills training, updates on products and services, courses on personal effectiveness, as well as teambuilding activities. The L&D team also conducts lunch time learning sessions on a regular basis to foster cross departmental interaction, as well as help staff pick up quick tips on everyday issues they face at work.

M1 continued with the Customer Centric Initiative (CCI) programme in 2011. We extended this unique core programme to all our staff, whether in customer-facing or supporting roles, to ensure that M1's strong commitment to customer service is well understood and embraced company-wide. We also rolled out our "Towards Legendary Service" workshop, a programme aimed at nurturing a sustainable positive service culture across M1 and helping staff translate their service passion into tangible plans and actions.



CREATING A WORK-LIFE INTEGRATED ENVIRONMENT

M1 is committed to creating an engaging work environment that also supports a healthy work-life integrated lifestyle for all staff.

As an organisation that places our staff's wellness as a corporate priority, some of our notable staff benefits include:

- Staff canteen with subsidised meals
- Fully equipped, 24-hour in-house gymnasium
- Subsidised shuttle services between major township hubs, MRT stations and the office
- Free health screening programme for all staff

To help our staff achieve greater work-life effectiveness and enhanced productivity, we offer our staff dependent care services which include a full-scale childcare centre located within our MiWorld Building at subsidised rates, medical coverage for family members, as well as dedicated nursing facilities for new mothers. Our flexible benefits programme also allows staff to make claims on goods and services that are relevant to their lives, such as the purchase of books, childcare fees or optical needs.

In doing our part to encourage family bonding and camaraderie amongst staff, the M1 Charity Jamboree Carnival was organised in September 2011. This event brought staff and their families together to enjoy a day of games, entertainment, food and activities, while doing their part to raise funds for our adopted charities.

Throughout the year, staff can also take advantage of free or subsidised access to holiday chalets, the Night Safari, Singapore Zoological Gardens and Jurong Bird Park, for their family outings. M1 also organises sports and recreational activities for

staff and allocates a budget for departmental get-togethers and team-building sessions. As part of the National Family Celebrations, M1 also participated in the "Eat With Family Day" initiative last year.

In the area of workplace safety and health (WSH), we conduct workshops to ensure our staff are familiar with the Codes of Practice on safety relevant to their area of work. Our risk management committee comprising representatives across various departments also looks into further strengthening our WSH practices.

We have also equipped our buildings with automated external defibrillators (AED) and trained 30 appointed fire wardens, as well as building facility maintenance staff, in the use of the AED and administration of cardio pulmonary resuscitation (CPR). An AED is a portable electronic device that treats emergency cardiac arrest, and faster access to this life-saving device, located prominently in public areas, is expected to shorten the critical response time and improve the survival rate of victims of sudden heart failure, within or near our premises.

To deepen engagement with and among staff, a monthly newsletter – Voice – keeps staff updated on developments within the Group, as well as news, upcoming events and issues that matter.

OUR COMMUNITY



In 2011, the key focus of our Corporate Social Responsibility programme remained centred on the arts, sports and children causes.

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SUPPORTING THE ARTS AND SPORTS

In partnership with The Necessary Stage, we presented the seventh edition of the M1 Singapore Fringe Festival with the theme "Art & Education", in January 2011. The much anticipated annual arts festival continued to receive rave reviews and enthralled arts patrons and new enthusiasts alike.

During the year, we expanded our support of the arts with the sponsorship of two leading homegrown contemporary dance schools to help nurture the growth of local dance and dance talents. Under the umbrella of the National Arts Council's Arts Adoption Scheme, we established two three-year partnerships with T.H.E Dance Company and Frontier Danceland. This initial support is to enliven Singapore's dance landscape for contemporary works and contribute to the advancement of this art form.

In recognition of our support to Singapore's arts scene, M1 was presented with the Distinguished Patron of the Arts Award 2011, for the 11th consecutive year.

We increased our presence in the sports arena in 2011, sponsoring a series of events, including the Mission Foods World Netball Championships and Fairprice Foundation Nations Cup 2011 for netball, the HSBC Women's Champions 2011 for golf, the inaugural BAY Challenge sailing race, as well as the Li-Ning Singapore Open 2011 for badminton. We also continued to partner Netball Singapore in promoting the sport in schools, at the clubs and national levels.

GIVING OUR UNDERPRIVILEGED CHILDREN A HELPING HAND

Causes related to children continued to be the primary focus of M1's fund-raising efforts for the less privileged segments of the community in 2011.

The M1 Charity Golf 2011 and M1 Charity Jamboree 2011 were two key fund-raising activities successfully staged during the year and passionately supported by our staff, business partners and associates. The proceeds raised from these two



events were donated to M1's five adopted charities – Beyond Social Services, Children-At-Risk Empowerment Association, Children's Cancer Foundation, Singapore Children's Society and the Spastic Children's Association of Singapore.

Beyond fund raising, M1's employees showed unwavering enthusiasm and dedication by investing their personal time to bring cheer to the children of our adopted charities during the school holidays and festive occasions. Our M1 SunCare Club's caring volunteers organised interesting and fun-filled activities throughout the year, including field trips to the movies, the M1 Charity Jamboree, the Jurong Bird Park and a cookie-baking school.

IN SERVICE TO OUR NATION

In maintaining our commitment to the nation, M1 was once again proud to be a major partner sponsor of the 2011 National Day Parade (NDP). Held against the striking Marina Bay cityscape, the 46th NDP featured spectacular displays and heart-warming performances and was truly a meaningful and memorable celebration for all Singaporeans.



Another community project that M1 supported during the year was an innovative dengue alert system, known as "X-Dengue". Mobile users who sign up for the service will receive free SMS alerts when dengue hotspots appear near their residences, workplaces or children's schools.

BEYOND OUR SHORES

In the wake of Japan's earthquake and tsunami in March 2011, M1 collaborated with fellow telecom operators in Singapore to organise a SMS donation drive in aid of the Singapore Red Cross Society's relief efforts. We also waived related chargeable fees in support of the month-long fund-raising exercise.

OUR ENVIRONMENT



M1 is committed to doing our part for the environment, and we have over the years invested significant resources into more efficient mobile technology and lighting systems that helps cut down on our energy consumption, and even tapping on renewable energy sources like solar power for one of our offshore sites.

M1 is committed to doing our part for the environment, and we have over the years invested significant resources into more efficient mobile technology and lighting systems that helps cut down on our energy consumption, and even tapped on renewable energy sources like solar power for one of our offshore sites.

As part of this commitment, we commissioned a comprehensive study on our carbon footprint. The report, done in compliance with the ISO 14064-1(2006) standard for measuring, quantifying and reducing greenhouse gas emissions, includes both direct and indirect emissions from M1's business activities. We have since implemented some of the report's suggestions, such as the use of more energy efficient lights, and will continue to explore ways to further reduce our energy consumption and conserve our environment.

POWER CONSERVATION

We completed our 2G base station network modernisation programme last year, replacing all 1,200 of our 2G base stations with new multi-radio ones and reducing this network's carbon footprint by about 35%.

The power efficient new base stations, which also do not require air-conditioning, have reduced the daily power consumption of each site by 15.7kWh. Over a year, this reduces the power consumption for our entire network by 35% or 6,876,600kWh – enough to power 1,300 five-room HDB flats over the same period. Based on 26.98 cents per kWh, M1 will also enjoy financial savings to the tune of S\$1.8 million a year on its energy bill.

M1's corporate buildings, our Main Operating Centre and MiWorld Building at the International Business Park, have been specifically designed to maximise natural lighting, and this reduces our dependency on artificial lights. The temperature and operating hours for air-conditioning of our corporate buildings were optimised and reduced by an hour every day, and air-conditioning is switched off completely over the weekend in unoccupied office areas. All these initiatives contribute to a further reduction of our energy consumption.

Another conservation project that M1 started in 2011 and which was recently completed involved the replacement of 2,300 fluorescent lights in our MiWorld Building with LED

(light-emitting diode) bulbs. The use of these power-saving lights is expected to reduce the building's lighting consumption by 40% or 135,000kWh. Upon completion of an evaluation of the results of the LED light project, M1 will consider rolling it out to our other buildings and sites.

Our building facility maintenance staff also conduct regular inspections to optimise lighting levels and remove unnecessary lighting fixtures. To date, we have removed 400 bulbs of various types and sizes, yielding energy savings of 87,775kWh annually, without compromising our productivity levels.

RENEWABLE ENERGY

M1 maintains three offshore base stations, at Raffles Lighthouse, St. John's Island and Pulau Tekong. As these islands are not connected to Singapore's energy grid, these base stations have historically been powered by diesel generators.

Following a feasibility study, M1 commissioned Singapore's first offshore solar power generation system, at our Raffles Lighthouse base station. The new solar system can produce up to 2.5kW under optimal weather conditions, reducing the use of diesel at this site by about 80%, or about 50 litres of diesel, daily.



PARTICULARS OF DIRECTORS

As at 31 December 2011

Name of Director/Age	Academic & Professional Qualifications	M1 Directorship: Date first appointed	Directorships or Chairmanships in other listed companies & other major appointments, both present and held over the preceding 3 years	
			Title	Company
Teo Soon Hoe 62 yrs	Bachelor of Business Administration, University of Singapore Member, Wharton Society of Fellows, University of Pennsylvania	07.05.1996	<u>Present Appointments</u> Senior Executive Director Chairman Chairman Director Director Director Director <u>Past Appointments</u> Director Director Director	Keppel Corporation Limited Keppel Telecommunications & Transportation Ltd Keppel Philippines Holdings Inc Keppel Offshore & Marine Ltd Keppel Land Limited k1 Ventures Limited Keppel Energy Pte Ltd Keppel Infrastructure Fund Management Pte Ltd (the Trustee-Manager of K-Green Trust) Keppel Shipyard Ltd Singapore Petroleum Company Limited Travelmore (Pte) Ltd
Karen Kooi Lee Wah 57 yrs	Fellow, Association of Chartered Certified Accountants (UK) Master of Business Administration degree in Investment and Finance (Distinction), University of Hull, UK	22.04.2009	<u>Present Appointment</u> Director Director Director Director Director	M1 Net Ltd. M1 Shop Pte Ltd Wireless Intellect Labs Pte Ltd Kliq Pte. Ltd. M1 Connect Pte. Ltd.
Roger Barlow 62 yrs	Bachelor of Science (Economics), University of London Master of Arts, University of Essex	22.05.2002	<u>Present Appointments</u> Director Director Chairman & Director Director Director Director Director Director <u>Past Appointments</u> Director	M1 Net Ltd. M1 Shop Pte Ltd RJB Consultants Limited - Hong Kong RJB Consultants Limited - British Virgin Islands Badabu Media Hong Kong Limited Viettel Hong Kong Limited Planet Pty Limited Planet Computers Company Limited VNPT Global HK Limited
Chow Kok Kee 60 yrs	Bachelor of Engineering 1st class Hons, University of Newcastle, Australia Bachelor of Commerce, University of Newcastle, Australia Master of Business Administration, National University of Singapore Fellow of the Singapore Institute of Directors Member of Institute of Engineers, Australia Associate of Institute of Chartered Secretaries and Administrators, UK	16.02.2009	<u>Present Appointments</u> Director Director Director Director Director Director Director <u>Past Appointments</u> Director Director	ACTA Investment & Services Pte Ltd Chosen Holdings Ltd Tuan Sing Holdings Ltd Meiban Group Ltd Innovalues Ltd Transwater Services Pte Ltd Valuetronics Holdings Ltd Transresources Pte Ltd Thai Village Holdings Ltd

Name of Director/Age	Academic & Professional Qualifications	M1 Directorship: Date first appointed	Directorships or Chairmanships in other listed companies & other major appointments, both present and held over the preceding 3 years	
			Title	Company
Jamaludin Ibrahim 52 yrs	Master of Business Administration (Specialising in Quantitative Methods) from Portland State University, Oregon, USA Bachelor of Science in Business Administration and a minor in Mathematics from California State University, USA	21.08.2008	<u>Present Appointments</u> Director/GCEO Director/Chairman Director Director Director Director Director	Axiata Group Berhad Celcom Axiata Berhad PT XL Axiata Tbk Universiti Tun Abdul Razak Sdn Bhd GSM Association Multimedia Development Corporation Malaysia Dialog Axiata PLC
			<u>Past Appointments</u> Director	Axiata Investments (Indonesia) Sdn Bhd (Formerly known as Indocel Holding Sdn Bhd)
			Director	Axiata Investments (Singapore) Limited (Formerly known as SunShare Investments Ltd)
			Director/CEO	Maxis Communications Berhad
			Director	Advanced Wireless Technologies Sdn Bhd
			Director	Castle Rock Equity Sdn Bhd
			Director	Maxis Mobile Services Sdn Bhd
			Director	Maxis Broadband Sdn Bhd
			Director	Maxis Collection Sdn Bhd
			Director	Maxis International Sdn Bhd
			Director	Maxis Management Services Sdn Bhd
			Director	Maxis Mobile Sdn Bhd
			Director	Maxis Multimedia Sdn Bhd
			Director	Rawa Utara Sdn Bhd
			Director	Maxis Sdn Bhd
			Director	Maxis Mobile (L) Ltd
			Director	UMTS (Malaysia) Sdn Bhd
			Director	Maxis Online Sdn Bhd
			Director	University Tun Hussein Onn Malaysia
			Director	Kolej Universiti Teknologi Tun Hussein Onn
			Director	Pusat Sains Negara
			Director	PT Maxis Communications
			Director	PT Natrindo Telepon Seluler
			Director	Aircel Limited
			Director	South Asia Communications Private Limited
			Director	Aircel Cellular Limited
			Director	Dishnet Wireless Limited
			Director	Deccan Digital Networks Private Limited
			Director	East Asia Communications Holding NV
			Director	East Asia Communications NV
			Director	Bridge Mobile Pte Ltd.
			Director	Yayasan Pendidikan Tun Abdul Razak
Kannan Ramesh 46 yrs	Bachelor of Law (Hons), National University of Singapore	11.02.2011	<u>Present Appointment</u> Director	Singapore Aerospace Manufacturing Pte Ltd

PARTICULARS OF DIRECTORS

As at 31 December 2011

Name of Director/Age	Academic & Professional Qualifications	M1 Directorship: Date first appointed	Directorships or Chairmanships in other listed companies & other major appointments, both present and held over the preceding 3 years	
			Title	Company
Low Huan Ping 55 yrs	Bachelor of Arts (Hons), Master of Arts, Cambridge University Master of Science, National University of Singapore Advanced Management Program, Harvard Business School	01.09.1994	<u>Present Appointments</u> Director Director Director Director Director Director Director Director Director Alternate Director Alternate Director <u>Past Appointments</u> Director	SPH Multimedia Private Limited SPH AsiaOne Ltd Zaobao.com Ltd iFast Corporation Pte Ltd MediaCorp Press Ltd Shareinvestor.com Holdings Ltd Shareinvestor Pte Ltd Sl.com (Thailand) Co Ltd ClickTRUE Pte Ltd Kyosei Ventures Pte Ltd MediaCorp TV Holdings Pte Ltd 701Search Pte Ltd BuzzCity Pte Ltd
Alan Ow Soon Sian 65 yrs	Bachelor, Social Sciences (Hons), University of Singapore Special Agent in Tax Fraud Training IRS, USA International Tax Program, Harvard Law School Advanced Management Program, Harvard Business School	16.02.2009	<u>Present Appointments</u> Tax-Consultant/Non-Legal Practitioner Director Committee Member <u>Past Appointments</u> Senior Deputy Commissioner Chief Executive Officer	KhattarWong LLP Keppel Infrastructure Fund Management Pte Ltd Morning Star Community Services Inland Revenue Authority of Singapore Tax Academy of Singapore
Reggie Thein 71 yrs	Fellow, Institute of Chartered Accountants in England and Wales Member, Institute of Certified Public Accountants (Singapore)	08.11.2002	<u>Present Appointments</u> Director & Chairman of AC Director & Chairman of AC Director & Chairman of AC Director & Chairman of AC Director & Chairman of AC Director & Chairman of AC Director Director Director & Chairman of AC Governing Council Member & Vice Chairman <u>Past Appointments</u> Director & Chairman of AC Director & Chairman of AC Director & Chairman of AC	GuocoLeisure Limited FJ Benjamin Holdings Ltd GuocoLand Ltd Haw Par Corporation Limited Keppel Telecommunications & Transportation Ltd Otto Marine Limited United Overseas Bank Limited Energy Support Management Pte Ltd Ascendas Pte Ltd Singapore Institute of Directors Grand Banks Yachts Limited DLF Trust Management Pte Ltd MFS technology Ltd

PARTICULARS OF SENIOR MANAGEMENT

As at 31 December 2011

Name of Senior Management	Directorships or Chairmanships in other listed companies & other major appointments, both present and held over the preceding 3 years	
	Present Directorships	Past Directorships
Lee Kok Chew	Kliq Pte. Ltd. M1 Connect Pte. Ltd.	None
Patrick Michael Scodeller	Wireless Intellect Labs Pte Ltd Singapore Internet Exchange Limited	None
Poopalasingam Subramaniam	None	None
Alan Goh	None	None
Terence Teo Hoon Beng	None	None
Lim Sock Leng	M1 Net Ltd. M1 Shop Pte Ltd Wireless Intellect Labs Pte Ltd Kliq Pte. Ltd.	None
Anil Sachdev	None	None
Alex Tan	Astiv Pte Ltd M1 Connect Pte. Ltd. Valas Pte. Ltd. Cinenow Singapore Pte. Ltd. Scuba Resources Pte. Ltd.	QMax Communications Pte. Ltd. QMax Singapore Pte. Ltd. QMax Pte. Ltd.
Koh Ann Huat	None	None
Ivan Lim	None	None
Chan Weng Keong	None	None
Raymond Lim	None	None

FINANCIAL STATEMENTS

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DIRECTORS' REPORT

The directors are pleased to present their report to the members together with the audited consolidated financial statements of M1 Limited (the "Company") and its subsidiaries (collectively, the "Group") and the statement of financial position and statement of changes in shareholders' equity of the Company for the financial year ended 31 December 2011.

1. DIRECTORS

The directors of the Company in office at the date of this report are as follows:

Teo Soon Hoe	Chairman
Karen Kooi Lee Wah	Chief Executive Officer
Roger Barlow	
Chow Kok Kee	
Jamaludin Ibrahim	
Low Huan Ping	
Alan Ow Soon Sian	
Reggie Thein	
Kannan Ramesh	(appointed on 11 February 2011)

2. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Except as described in paragraph 5 below, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

3. DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act, Cap. 50, an interest in shares and share options of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

Name of director	Ordinary shares Held in the name of directors		
	At beginning of financial year/ date of appointment	At end of financial year	As at 21 January 2012
M1 Limited			
Teo Soon Hoe	41,850	41,850	41,850
Karen Kooi Lee Wah	236,000	236,000	236,000
Reggie Thein	25,110	25,110	25,110

DIRECTORS' REPORT

3. DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (CONT'D)

Name of director	Options to subscribe for ordinary shares Held in the name of directors		
	At beginning of financial year/ date of appointment	At end of financial year	As at 21 January 2012
M1 Limited			
Karen Kooi Lee Wah	3,405,700	4,205,700	4,205,700

Except as disclosed in this report, no director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year or date of appointment, if later or at the end of the financial year.

4. DIRECTORS' CONTRACTUAL BENEFITS

Except as disclosed in the financial statements, since the end of the previous financial year, no director of the Company has received or has become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

5. SHARE OPTIONS

The Company has an employee share option scheme, M1 Share Option Scheme (the "Scheme"), for granting of non-transferable options to employees (including executive director) and non-executive directors of the Company and its subsidiaries.

The Remuneration Committee is responsible for administering the Scheme. The Remuneration Committee members are Mr Roger Barlow (Chairman of Committee), Mr Chow Kok Kee, Mr Low Huan Ping, Mr Alan Ow Soon Sian and Mr Teo Soon Hoe.

Under the Scheme, options granted have a term of 5 or 10 years from the date of grant for non-executive directors and Group executives respectively.

The subscription price for each ordinary share in respect of which an option is exercisable shall be determined by the Remuneration Committee as follows:

- (i) at a price equal to the average of the last dealt prices of the Company's shares on the Singapore Exchange Securities Trading Limited over the five consecutive trading days immediately preceding the date of grant of that option (the "Market Price") or such higher price as may be determined by the Remuneration Committee in its absolute discretion; or
- (ii) at a price, which is set at the absolute discretion of the Remuneration Committee, at a discount to the Market Price so long as the maximum discount for any option shall not exceed 20% of the Market Price in respect of that option.

For good corporate governance, the Remuneration Committee had in 2003 resolved that the date of grant of share options under the Scheme shall be a pre-determined date; that is, the date falling 14 days immediately after the date of announcement of the Company's full-year results.

DIRECTORS' REPORT

5. SHARE OPTIONS (CONT'D)

Information with respect to the number of options granted under the Scheme is as follows:

Date of grant	Balance as at 1 January 2011 or date of grant	Exercised	Cancelled*	Balance as at 31 December 2011	Subscription price
9 November 2002	10,000	(10,000)	–	–	S\$1.25
4 February 2004	494,000	(134,000)	–	360,000	S\$1.50
3 February 2005	2,788,700	(740,000)	–	2,048,700	S\$1.81
2 February 2006	5,498,000	(1,396,000)	(110,000)	3,992,000	S\$2.21
6 February 2007	5,081,000	(1,343,000)	(52,500)	3,685,500	S\$2.17
11 February 2008	4,663,000	(2,076,000)	(28,000)	2,559,000	S\$1.90
2 February 2009	5,026,500	(1,559,000)	(306,000)	3,161,500	S\$1.60
4 June 2009	320,000	–	–	320,000	S\$1.60
3 February 2010	7,135,000	(830,500)	(445,000)	5,859,500	S\$2.04
15 June 2010	100,000	–	–	100,000	S\$2.04
7 February 2011	8,300,000	–	(200,000)	8,100,000	S\$2.44
	<u>39,416,200</u>	<u>(8,088,500)</u>	<u>(1,141,500)</u>	<u>30,186,200</u>	

* Cancelled when staff resigned from the Company

The above options will vest over a period of three years from the date of grant and may be exercisable for a period commencing after the first anniversary of the date of grant and expiring on the 10th anniversary of the date of grant.

Information on relevant participants under the Scheme is as follows:

Name of employee	Options granted during financial year	Aggregate options granted since commencement of Scheme to end of financial year	Aggregate options exercised since commencement of Scheme to end of financial year	Aggregate options outstanding at end of financial year	Subscription price
Karen Kooi Lee Wah (Executive Director)	800,000	6,115,000	1,909,300	4,205,700	S\$1.25 – S\$2.44
Patrick Michael Scodeller	300,000	3,660,000	2,220,000	1,440,000	S\$1.25 – S\$2.44

Since the commencement of the Scheme, save as disclosed above, no options were granted to directors, no employees have received 5% or more of the total options available under the Scheme and no options have been granted to the controlling shareholders of the Company and their associates.

6. AUDIT COMMITTEE

The Audit Committee (AC) carried out its functions in accordance with section 201B(5) of the Singapore Companies Act, Cap. 50, including the following:

- Review with external auditors their audit plan, auditors' reports and management letters and management's response;
- Review significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Company and any formal announcements relating to the Company's financial performance. This includes review of quarterly, half-year and annual financial statements before submission to the Board for its approval;
- Review the assistance given by management to external and internal auditors;

DIRECTORS' REPORT

6. AUDIT COMMITTEE (CONT'D)

- Review the independence and objectivity of the external auditors;
- Review the nature and extent of non-audit services performed by external auditors;
- Examine the scope of internal audit procedures and the results of the internal audit;
- Review the adequacy of the Company's internal financial controls, operational and compliance controls, and risk management policies and system established by Management (collectively "internal controls"), and ensure that a review of the effectiveness of the Company's internal controls is conducted at least annually and such a review can be carried out by the internal auditors;
- Meet with the external and internal auditors without the presence of management at least annually;
- Review the effectiveness of the Company's internal audit function and ensure that it is adequately resourced and has appropriate standing within the Company;
- Investigate any matter which falls within the AC's terms of reference, having full access to and co-operation by management and the full discretion to invite any Director or executive officer to attend its meetings, and reasonable resources to enable it to discharge its functions properly;
- Review interested persons transactions falling within the scope of Chapter 9 of the Listing Manual of the SGX-ST;
- Make recommendation to the Board on the appointment/re-appointment/removal of external auditors, and approve the audit fees and terms of engagement of external auditors;
- Obtain regular updates from management on key enterprise wide risks faced by the Company, so as to enable the AC to clearly define its oversight responsibilities and review the process available to manage these risks; and
- Review arrangement by which staff of the Company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters, so as to ensure that arrangements are in place for the independent investigation of such matters and for appropriate follow-up action.

The AC convened four meetings during the year with full attendance from all members.

Further details regarding the AC are disclosed in the Report on Corporate Governance.

7. AUDITORS

Ernst & Young LLP have expressed their willingness to accept reappointment as auditors.

On behalf of the board of directors:



Teo Soon Hoe
Chairman



Karen Kooi Lee Wah
Director

Singapore
17 February 2012

STATEMENT BY DIRECTORS

We, Teo Soon Hoe and Karen Kooi Lee Wah, being two of the directors of M1 Limited, do hereby state that, in the opinion of the directors:

- (a) the accompanying statement of financial position, consolidated statement of comprehensive income, statements of changes in equity, and consolidated cash flow statement together with the notes thereto are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2011 and the results of the business, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date, and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the board of directors:



Teo Soon Hoe
Chairman



Karen Kooi Lee Wah
Director

Singapore
17 February 2012

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF M1 LIMITED

for the financial year ended 31 December 2011

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of M1 Limited (the Company) and its subsidiaries (collectively, the Group) set out on pages 67 to 108, which comprise the statements of financial position of the Group and the Company as at 31 December 2011, the statements of changes in equity of the Group and the Company, consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

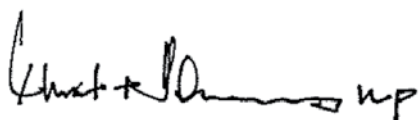
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2011 and of the results, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.



Ernst & Young LLP
Public Accountants and
Certified Public Accountants
Singapore

17 February 2012

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the financial year ended 31 December 2011

	Notes	2011 S\$'000	2010 S\$'000
Operating revenue	3	1,064,896	979,179
Operating expenses	4	(863,291)	(785,160)
Other income	5	1,759	2,288
Finance costs	6	(5,958)	(5,845)
Profit before tax		197,406	190,462
Taxation	7	(33,343)	(33,406)
Net profit for the year		164,063	157,056
Other comprehensive income:			
Fair value changes on interest rate swap		(574)	1,015
Total comprehensive income for the year		163,489	158,071
Earnings per share (cents)	8		
Basic		18.1	17.5
Diluted		18.1	17.5
EBITDA	9	310,432	313,307

The accompanying accounting policies and explanatory notes form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

as at 31 December 2011

	Notes	Group		Company	
		2011	2010	2011	2010
		S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets:					
Fixed assets	10	606,808	600,646	602,303	596,192
Licences and spectrum rights	11	97,344	86,513	97,344	86,513
Intangibles	12	13,242	12,742	65	65
Staff loans	13	547	873	547	873
Interests in subsidiaries	14	–	–	7,000	7,000
Due from a subsidiary	19	–	–	16,930	16,430
		<u>717,941</u>	<u>700,774</u>	<u>724,189</u>	<u>707,073</u>
Current assets:					
Inventories	16	36,331	23,410	530	664
Trade debtors	17	187,710	178,228	185,566	176,353
Other debtors and deposits	18	17,810	15,933	14,451	11,030
Prepayments		6,661	6,862	6,427	6,595
Due from related parties and subsidiaries	19	276	503	7,484	4,860
Cash and cash equivalents	20	11,837	8,783	6,614	8,362
		<u>260,625</u>	<u>233,719</u>	<u>221,072</u>	<u>207,864</u>
Current liabilities:					
Creditors and accruals	21	(196,249)	(158,358)	(137,265)	(124,095)
Unearned revenue		(33,560)	(32,978)	(32,791)	(32,617)
Due to related parties and subsidiaries	19	(383)	(838)	(54,685)	(36,873)
Borrowings	22	(53,300)	(66,000)	(53,300)	(66,000)
Derivative liabilities	30	(881)	(189)	(881)	(189)
Income tax payable		(26,316)	(41,608)	(25,462)	(41,382)
		<u>(310,689)</u>	<u>(299,971)</u>	<u>(304,384)</u>	<u>(301,156)</u>
Net current liabilities		(50,064)	(66,252)	(83,312)	(93,292)
Non-current liabilities:					
Borrowings	22	(250,000)	(250,000)	(250,000)	(250,000)
Deferred tax liabilities	7	(95,330)	(81,628)	(95,275)	(81,876)
Net assets		<u>322,547</u>	<u>302,894</u>	<u>295,602</u>	<u>281,905</u>
Represented by:					
Share capital	23	144,738	127,559	144,738	127,559
Hedging reserve	24	(731)	(157)	(731)	(157)
Share option reserve		6,538	6,233	6,538	6,233
Retained profits		172,002	169,259	145,057	148,270
Total equity		<u>322,547</u>	<u>302,894</u>	<u>295,602</u>	<u>281,905</u>

The accompanying accounting policies and explanatory notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

for the financial year ended 31 December 2011

2011 GROUP

	Attributable to equity holders of the Company				
	Share capital (Note 23) S\$'000	Hedging reserve (Note 24) S\$'000	Share option reserve S\$'000	Retained profits S\$'000	Total S\$'000
As at 1 January 2011	127,559	(157)	6,233	169,259	302,894
Net profit	–	–	–	164,063	164,063
Other comprehensive income for the year	–	(574)	–	–	(574)
Total comprehensive income for the year	–	(574)	–	164,063	163,489
Issuance of ordinary shares on exercise of employee share options	17,179	–	(1,493)	–	15,686
Grant of share options	–	–	1,798	–	1,798
Dividends (Note 33)	–	–	–	(161,320)	(161,320)
As at 31 December 2011	<u>144,738</u>	<u>(731)</u>	<u>6,538</u>	<u>172,002</u>	<u>322,547</u>

2010 GROUP

	Attributable to equity holders of the Company				
	Share capital (Note 23) S\$'000	Hedging reserve (Note 24) S\$'000	Share option reserve S\$'000	Retained profits S\$'000	Total S\$'000
As at 1 January 2010	116,473	(1,172)	7,365	133,447	256,113
Net profit	–	–	–	157,056	157,056
Other comprehensive income for the year	–	1,015	–	–	1,015
Total comprehensive income for the year	–	1,015	–	157,056	158,071
Issuance of ordinary shares on exercise of employee share options	11,086	–	(2,566)	–	8,520
Grant of share options	–	–	1,434	–	1,434
Dividends (Note 33)	–	–	–	(121,244)	(121,244)
As at 31 December 2010	<u>127,559</u>	<u>(157)</u>	<u>6,233</u>	<u>169,259</u>	<u>302,894</u>

The accompanying accounting policies and explanatory notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

for the financial year ended 31 December 2011

2011 COMPANY

	Attributable to equity holders of the Company				
	Share capital (Note 23) S\$'000	Hedging reserve (Note 24) S\$'000	Share option reserve S\$'000	Retained profits S\$'000	Total S\$'000
As at 1 January 2011	127,559	(157)	6,233	148,270	281,905
Net profit	–	–	–	158,107	158,107
Other comprehensive income for the year	–	(574)	–	–	(574)
Total comprehensive income for the year	–	(574)	–	158,107	157,533
Issuance of ordinary shares on exercise of employee share options	17,179	–	(1,493)	–	15,686
Grant of share options	–	–	1,798	–	1,798
Dividends (Note 33)	–	–	–	(161,320)	(161,320)
As at 31 December 2011	<u>144,738</u>	<u>(731)</u>	<u>6,538</u>	<u>145,057</u>	<u>295,602</u>

2010 COMPANY

	Attributable to equity holders of the Company				
	Share capital (Note 23) S\$'000	Hedging reserve (Note 24) S\$'000	Share option reserve S\$'000	Retained profits S\$'000	Total S\$'000
As at 1 January 2010	116,473	(1,172)	7,365	113,179	235,845
Net profit	–	–	–	156,335	156,335
Other comprehensive income for the year	–	1,015	–	–	1,015
Total comprehensive income for the year	–	1,015	–	156,335	157,350
Issuance of ordinary shares on exercise of employee share options	11,086	–	(2,566)	–	8,520
Grant of share options	–	–	1,434	–	1,434
Dividends (Note 33)	–	–	–	(121,244)	(121,244)
As at 31 December 2010	<u>127,559</u>	<u>(157)</u>	<u>6,233</u>	<u>148,270</u>	<u>281,905</u>

The accompanying accounting policies and explanatory notes form an integral part of these financial statements.

CONSOLIDATED CASH FLOWS STATEMENT

for the financial year ended 31 December 2011

	Notes	2011 S\$'000	2010 S\$'000
Cash flows from operating activities:			
Profit before tax		197,406	190,462
Adjustments for:			
Depreciation of fixed assets		96,186	110,651
Gain on disposal of fixed assets		(795)	(530)
Amortisation of licences and spectrum rights		10,882	6,349
Share option expenses		1,798	1,434
Interest income		(22)	(14)
Interest expense		5,958	5,845
Operating cash flows before working capital changes		311,413	314,197
Changes in:			
Inventories		(12,921)	1,966
Trade debtors		(9,482)	(90,942)
Other debtors and deposits		(1,877)	(2,448)
Prepayments		201	185
Non-current staff loans		326	(41)
Creditors and accruals		37,957	5,369
Unearned revenue		582	2,022
Related parties		(228)	81
Cash generated from operations		325,971	230,389
Interest received		22	14
Interest paid		(5,417)	(5,905)
Payment of tax		(34,933)	(37,097)
Net cash flows from operating activities		285,643	187,401
Cash flows from investing activities:			
Purchase of fixed assets		(102,670)	(99,862)
Acquisition of subsidiary		(500)	(1,000)
Purchase of licences and spectrum rights		(21,713)	(20,006)
Proceeds from disposal of fixed assets		628	535
Net cash flows used in investing activities		(124,255)	(120,333)
Cash flows from financing activities:			
Proceeds from bank loans		43,000	116,500
Repayment of bank loans		(55,700)	(69,500)
Dividends paid on ordinary shares by the Company		(161,320)	(121,244)
Proceeds from issuance of share capital on exercise of employee share options		15,686	8,520
Net cash flows used in financing activities		(158,334)	(65,724)
Net changes in cash and cash equivalents		3,054	1,344
Cash and cash equivalents at beginning of financial year	20	8,783	7,439
Cash and cash equivalents at end of financial year	20	11,837	8,783

The accompanying accounting policies and explanatory notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2011

1. CORPORATE INFORMATION

M1 Limited (the "Company") is a public limited liability company, which is incorporated and domiciled in the Republic of Singapore and is listed on the Singapore Exchange Securities Trading Limited ("SGX-ST"). Its registered office and principal place of business is at 10 International Business Park, Singapore 609928.

The principal activities of the Company and its subsidiaries (collectively, the "Group") are the provision of telecommunications services, international call services and broadband services, retail sales of telecommunication equipment and accessories, customer services and investment holding.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards ("FRS").

The financial statements have been prepared on the historical cost basis except for derivative financial instruments that have been measured at their fair values.

The financial statements are presented in Singapore dollars ("S\$") and all values are rounded to the nearest thousand (S\$'000) except when otherwise indicated.

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group and the Company have adopted all the new and revised FRS and Interpretations of FRS ("INT FRS") that are effective for annual periods beginning on or after 1 January 2011. The adoption of these standards and interpretations did not have any effect on the financial performance or position of the Group. They did however give rise to additional disclosures and revisions to accounting policies.

2.3 FRS and INT FRS not yet effective

The Company has not adopted the following standards and interpretations that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
Amendments to FRS 101 Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters	1 July 2011
Amendments to FRS 107 Disclosures – Transfers of Financial Assets	1 July 2011
Amendments to FRS 12 Deferred Tax: Recovery of Underlying Assets	1 January 2012
Amendments to FRS 1 Presentation of Items of Other Comprehensive Income	1 July 2012
Revised FRS 19 Employee Benefits	1 January 2013
Revised FRS 27 Separate Financial Statements	1 January 2013
Revised FRS 28 Investments in Associates and Joint Ventures	1 January 2013
FRS 110 Consolidated Financial Statements	1 January 2013
FRS 111 Joint Arrangements	1 January 2013
FRS 112 Disclosure of Interests in Other Entities	1 January 2013
FRS 113 Fair Value Measurements	1 January 2013

The directors expect that the adoption of the above standards and interpretations will have no material financial impact on their financial statements in the period of initial application.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Significant accounting estimates and judgements

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

- Useful lives of network and related application systems

The cost of network and related application systems are depreciated on a straight-line basis over the assets' estimated economic useful lives. Management estimates the useful lives of these fixed assets to be within 7 to 25 years. These are common life expectancies applied in the telecommunications industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore, future depreciation charges could be revised. The carrying amounts of the Group's and Company's network and related application systems at the statement of financial position date are disclosed in Note 10 to the financial statements.

- Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Goodwill is tested for impairment at least on an annual basis.

When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. Further details of the key assumptions applied in the impairment assessment of goodwill are given in Note 12 to the financial statements.

- Impairment of loans and receivables

The Group and the Company assess at each statement of financial position date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. Actual results may differ from management's estimates. The carrying amounts of the Group's and the Company's loans and receivables at the statement of financial position date are disclosed in Note 31 to the financial statements.

- Income taxes

The Group and the Company recognise liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax provisions in the period in which such determination is made. The carrying amount of the Group's tax payables and deferred tax liabilities at 31 December 2011 were S\$26,316,000 (2010: S\$41,608,000) and S\$95,330,000 (2010: S\$81,628,000) respectively. The carrying amount of the Company's tax payables and deferred tax liabilities at 31 December 2011 were S\$25,462,000 (2010: S\$41,382,000) and S\$95,275,000 (2010: S\$81,876,000) respectively.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Basis of consolidation

Business combinations from 1 January 2010

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries at the end of the reporting period. The financial statements of the subsidiaries are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised profits and losses resulting from intra-group transactions are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date such control ceases.

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with FRS 39 either in profit or loss or as change to other comprehensive income. If the contingent consideration is classified as equity, it is not remeasured until it is finally settled within equity.

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. The accounting policy for goodwill is set out in Note 2.11(a).

Business combinations before 1 January 2010

In comparison to the above mentioned requirements, the following differences applied:

Business combinations are accounted for by applying the purchase method. Transaction costs directly attributable to the acquisition formed part of the acquisition costs. The non-controlling interest (formerly known as minority interest) was measured at the proportionate share of the acquiree's identifiable net assets.

Business combinations achieved in stages were accounted for as separate steps. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in equity.

When the Group acquired a business, embedded derivatives separated from the host contract by the acquiree are not reassessed on acquisition unless the business combination results in a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required under the contract.

Contingent consideration was recognised if, and only if, the Group had a present obligation, the economic outflow was more likely than not and a reliable estimate was determinable. Subsequent measurements to the contingent consideration affected goodwill.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.6 Subsidiaries

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less any impairment losses.

2.7 Joint venture

The Group had an interest in a joint venture which is a jointly controlled operation. A joint venture is a contractual arrangement where two or more parties undertake an economic activity that is subject to joint control.

The Group recognises its interest in the joint venture using proportionate consolidation. The Group combines its share of the assets, liabilities, income and expenses of the joint venture with similar items, line by line, in its consolidated financial statements. Consistent accounting policies are applied for like transactions and events in similar circumstances. The joint venture is proportionately consolidated until the date on which the Group ceases to have joint control over the joint venture.

2.8 Fixed assets

All items of fixed assets are initially recorded at cost. The cost of an item of fixed asset is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses.

The initial cost of fixed assets comprises its purchase price, including import duties and non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after the fixed assets have been put into operation, such as repairs and maintenance and overhaul costs, is normally recognised in profit or loss in the period in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of fixed asset beyond its originally assessed standard of performance, the expenditure is capitalised as an additional cost of fixed assets.

2.9 Depreciation

Depreciation of an asset begins when it is available for use and is computed on a straight-line basis over the estimated useful lives as follows:

Leasehold buildings	–	10 – 30 years
Networks and related application systems	–	7 – 25 years
Application systems and computers	–	3 – 5 years
Motor vehicles	–	5 years
Furniture, fittings and equipment	–	2 – 7 years

Capital work-in-progress included in fixed assets is not depreciated as these assets are not available for use.

The carrying values of fixed assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of fixed assets.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.9 Depreciation (cont'd)

An item of fixed assets is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in profit or loss in the year the asset is derecognised.

2.10 Licences and spectrum rights

These comprise expenditure relating to one-time charges paid to acquire spectrum rights and telecommunications licences or access codes. These intangible assets are measured initially at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Licences and spectrum rights are amortised on a straight-line basis over the estimated economic useful lives of 6 to 17 years. The amortisation period and the amortisation method are reviewed at each financial year-end. The amortisation expense is recognised in profit or loss through the 'depreciation and amortisation expenses' line item.

2.11 Intangible assets

(a) Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired, by comparing the carrying amount of the cash-generating unit, including the allocated goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

(b) Club membership

Club membership acquired is measured initially at cost less any accumulated impairment losses.

2.12 Financial assets

Financial assets are recognised on the statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Such assets are initially recognised at fair value, plus directly attributable transaction costs and subsequently carried at amortised cost using the effective interest method. Gains and losses are recognised in profit and loss account when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Trade and other debtors

Trade and other debtors, including amounts due from related parties, are classified and accounted for as loans and receivables under FRS 39.

Included in the trade debtors balance are accrued service revenue and accrued handset revenue.

Accrued service revenue relates to services rendered but not billed to customers. They will be billed at the following bill cycle.

Accrued handset revenue relates to revenue recognised for handsets sold with services.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.12 Financial assets (cont'd)

Allowance is made for uncollectible amounts when there is objective evidence that the Group will not be able to collect the debt. Bad debts are written off when identified. Further details on the accounting policy for impairment of financial assets are stated in Note 2.14 below.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand and time deposits. They are carried in the statement of financial position, classified and accounted for under FRS 39.

For purpose of the consolidated cash flows statement, cash and cash equivalents are shown net of outstanding bank overdrafts which are repayable on demand and which form an integral part of the Group's cash management.

2.13 Financial liabilities

Financial liabilities are recognised on the statement of financial position when, and only when, the Group, becomes a party to the contractual provisions of the financial instruments. The accounting policies adopted for specific financial liabilities are set out below.

Borrowings

All borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Trade and other creditors

Liabilities for trade and other creditors, which are normally settled on 30-90 days terms, and amounts due to related parties are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method.

Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

2.14 Impairment of financial assets

At each statement of financial position date, there will be an assessment as to whether there is any objective evidence that a financial asset or a group of financial assets is impaired.

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.14 Impairment of financial assets (cont'd)

If, in a subsequent period, the amount of the impairment loss decreases and the amount can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in profit or loss, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

2.15 Derecognition of financial assets and liabilities

(a) Financial assets

A financial asset is derecognised where the contractual rights to receive cash flows from the asset have expired which usually coincides with receipt of payments for the asset. On derecognition, the difference between the carrying amount and the sum of the consideration received is recognised in profit or loss.

(b) Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. For financial liabilities other than derivatives, gains and losses are recognised in profit or loss when the liabilities are derecognised or impaired, and through the amortisation process.

2.16 Derivative financial instruments and hedging activities

The Group uses derivative financial instruments such as forward currency contracts and interest rate swaps to hedge its risks associated with foreign currency and interest rate fluctuations.

Derivative financial instruments are initially recognised at fair value on the contract date and are subsequently re-measured at fair value. Derivative financial instruments are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value on derivative financial instruments that do not qualify for hedge accounting are taken to profit or loss for the year.

The fair values of forward currency contracts are calculated by reference to current forward exchange rates for contracts with similar maturity profiles. The fair value of interest rate swap contract is determined by reference to market value for similar instruments.

The Group applies hedge accounting for certain hedging relationships which qualify for hedge accounting.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk.

Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods.

Hedges which meet the strict criteria for hedge accounting are accounted for as follows:

- Cash flow hedges

For cash flow hedges, the effective portion of the gain or loss on the hedging instrument is recognised directly in the hedging reserve, while the ineffective portion is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.16 Derivative financial instruments and hedging activities (cont'd)

- Cash flow hedges (cont'd)

Amounts taken to hedging reserve are transferred to profit or loss when the hedged transaction affects profit or loss, such as when hedged financial income or financial expense is recognised or when a forecast sale or purchase occurs. Where the hedged item is the cost of a non-financial asset or liability, the amounts taken to hedging reserve are transferred to the initial carrying amount of the non-financial asset or liability.

If the forecast transaction is no longer expected to occur, amounts previously recognised in hedging reserve are transferred to profit or loss. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognised in hedging reserve remain in equity until the forecast transaction occurs. If the related transaction is not expected to occur, the amount is taken to the profit or loss.

2.17 Inventories

Inventories are valued at the lower of cost and net realisable value.

Cost incurred in bringing the inventories to their present location and condition is accounted for on weighted average basis.

Net realisable value is estimated selling price in the normal course of business, less estimated costs necessary to make the sale.

2.18 Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance costs.

Provisions are reviewed at each statement of financial position date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed.

2.19 Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grants will be received and all attaching conditions will be complied with.

Government grants shall be recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate.

2.20 Employee benefits

- Defined contribution plan

The Group makes contributions to the Central Provident Fund ("CPF") scheme in Singapore, a defined contribution pension scheme. These contributions are recognised as an expense in the period in which the related service is performed.

- Employee share option plan

Employees (including the executive director) and non-executive directors of the Group may receive remuneration in the form of share-based payment transactions. Employees render services as consideration for share options ('equity-settled transactions').

NOTES TO THE FINANCIAL STATEMENTS

31 December 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.20 Employee benefits (cont'd)

(b) Employee share option plan (cont'd)

The cost of equity-settled transactions with employees is measured by reference to the fair value of the options at the date on which the share options are granted. In valuing the share option, no account is taken of any performance conditions, other than conditions linked to the price of shares of the Company ('market condition'), if applicable.

The cost of equity-settled transactions is amortised and recognised in profit or loss on a straight-line basis over the vesting period, with a corresponding increase in share option reserve. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of options that will ultimately vest. The movement in cumulative expenses recognised at the beginning and end of a reporting period is charged or credited to profit or loss with a corresponding adjustment to share option reserve.

No expense is recognised for options that do not ultimately vest, except for options where vesting is conditional upon a market condition, which are treated as vested irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

2.21 Income tax

(a) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the statement of financial position date.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the statement of financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry-forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries and interests in joint ventures, deferred income tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.21 Income tax (cont'd)

(b) Deferred tax (cont'd)

The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each statement of financial position date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the statement of financial position date.

Deferred income tax relating to items recognised directly in equity is recognised in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(c) Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax except:

- Where the goods and services tax incurred in a purchase of goods and services is not recoverable from the taxation authority, in which case the goods and services tax is recognised as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of goods and services tax included.

The net amount of goods and services tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

2.22 Impairment of non-financial assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If such an indication exists, the asset's recoverable amount is estimated. The recoverable amount is the higher of an asset's or cash generating unit's fair value less cost to sell and value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset up to the end of its useful life. An impairment loss is recognised in profit or loss whenever the carrying value of an asset exceeds its recoverable amount.

Reversal of impairment losses recognised in prior years is recorded when there is an indication that the impairment losses recognised for the asset no longer exist or have decreased. The reversal is recorded in profit or loss. However, the increased carrying amount of an asset due to a reversal of an impairment loss is recognised to the extent it does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for that asset in prior years. After such reversal, the depreciation charge is adjusted in future periods to allocate the assets revised carrying amount less any residual value, on a systematic basis over its remaining useful life.

2.23 Revenue recognition

Revenue of the Group comprises fees earned from telecommunication services rendered and sale of handsets.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

- Service revenue is recognised at the time when such services are rendered. Revenue billed in advance of the rendering of services is deferred on the statement of financial position as unearned revenue.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.23 Revenue recognition (cont'd)

- Revenue from sale of prepaid cards but for which services have not been rendered is deferred on the statement of financial position as unearned revenue. Upon termination of the prepaid cards, any unutilised value of the prepaid cards will be taken to profit or loss.
- Revenue from sale of handset is recognised upon the passing of risk and rewards of ownership of the goods to the customer which generally coincides with delivery and acceptance of the handsets sold.
- Revenue on award credits are recognised based on the number of award credits that have been redeemed in exchange for free or discounted goods, relative to the total numbers of awards credit expected to be redeemed.
- Interest income is recognised using the effective interest method.

2.24 Customer acquisition and retention costs

Customer acquisition and retention costs are accounted for in the profit and loss statement when incurred.

2.25 Operating leases

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

2.26 Foreign currency

The Group's consolidated financial statements are presented in Singapore Dollars, which is also the parent and subsidiary companies' functional currencies.

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the closing rate of exchange ruling at the statement of financial position date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the statement of financial position date are recognised in profit or loss.

2.27 Related parties

A related party is defined as follows:

- (a) A person or a close member of that person's family is related to the Group and Company if that person:
 - (i) Has control or joint control over the Company;
 - (ii) Has significant influence over the Company; or
 - (iii) Is a member of the key management personnel of the Group or Company or of a parent of the Company.
- (b) An entity is related to the Group and the Company if any of the following conditions applies:
 - (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

NOTES TO THE FINANCIAL STATEMENTS

31 December 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.27 Related parties (cont'd)

- (b) An entity is related to the Group and the Company if any of the following conditions applies: (cont'd)
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a).
 - (vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

2.28 Segment reporting

The Company and its subsidiaries operate in Singapore in one business segment, that of provision of telecommunications services.

2.29 Share capital and share issuance expenses

Proceeds from issuance of ordinary shares are recognised as share capital in equity.

3. OPERATING REVENUE

	Group	
	2011 S\$'000	2010 S\$'000
Mobile telecommunications	587,357	579,369
International call services	124,836	128,972
Handset sales	314,396	246,316
Fixed services	38,307	24,522
	<u>1,064,896</u>	<u>979,179</u>

4. OPERATING EXPENSES

	Group	
	2011 S\$'000	2010 S\$'000
Cost of services	205,956	195,110
Cost of handsets sold	359,681	296,774
(Reversal of)/write-down of inventories	(50)	297
Staff costs	96,926	89,148
Advertising and promotion expenses	26,460	26,098
Depreciation and amortisation	107,068	117,000
Allowance for doubtful debts, net of bad debts recovered	17,129	14,765
Facilities expenses	36,930	30,199
General and administrative expenses	13,191	15,769
	<u>863,291</u>	<u>785,160</u>

NOTES TO THE FINANCIAL STATEMENTS

31 December 2011

4. OPERATING EXPENSES (CONT'D)

Cost of services includes traffic expenses, leased circuit costs, fixed services wholesale costs and other base station related costs.

During the financial year ended 31 December 2009, the Singapore Finance Minister announced the introduction of a Jobs Credit Scheme. During the year, the Group received grant income of S\$Nil (2010: S\$756,000) under the Scheme and this was accounted as a reduction in staff costs.

Total operating expenses included the following:

	Group	
	2011	2010
	S\$'000	S\$'000
Audit fees paid to auditors of the Company	195	171
Non-audit fees paid to auditors of the Company	65	19
Allowance for doubtful debts	18,472	16,705
Bad debts recovered	(1,343)	(1,940)
CPF contributions	9,646	8,772
Share-based payment expenses	1,798	1,434
Key executives' remuneration	5,396	5,598
Fees to Directors of the Company	407	450
Foreign exchange gain, net	(4,729)	(1,295)
Net fair value gain on forward currency contracts	–	(237)
Gain on disposal of fixed assets, net	(795)	(530)

Key executives' remuneration included in the operating expenses are as follows:

	Group	
	2011	2010
	S\$'000	S\$'000
Short term employee benefits	4,526	4,765
CPF contributions	126	114
Share-based payments	744	719
Total compensation paid to key executives	5,396	5,598

5. OTHER INCOME

	Group	
	2011	2010
	S\$'000	S\$'000
Interest income from banks	22	14
Miscellaneous income	1,737	2,274
	1,759	2,288

6. FINANCE COSTS

	Group	
	2011	2010
	S\$'000	S\$'000
Interest on bank loans	5,958	5,845

NOTES TO THE FINANCIAL STATEMENTS

31 December 2011

7. TAXATION

Major components of income tax expense for the years ended 31 December 2011 and 2010 are:

	Group	
	2011	2010
	S\$'000	S\$'000
Current taxation		
– Current taxation	19,523	39,680
Deferred taxation		
– Origination and reversal of temporary differences	13,820	(6,274)
Income tax expense recognised in net profit for the year	<u>33,343</u>	<u>33,406</u>
Deferred tax related to other comprehensive income		
– Fair value changes on interest rate swap	<u>(118)</u>	<u>208</u>

A reconciliation of the statutory tax rate with the effective tax rate applicable to profit before tax of the Group for the years ended 31 December 2011 and 2010 are as follows:

	Group	
	2011	2010
	%	%
Statutory rate	17.0	17.0
Adjustments for the tax effect of:		
Expenses not deductible for tax purposes	0.5	0.5
Others	(0.6)	–
Effective tax rate	<u>16.9</u>	<u>17.5</u>

Analysis of deferred tax liabilities:

	Group	Company
	S\$'000	S\$'000
At 1 January 2010	87,694	87,911
Movement for the year	(6,066)	(6,035)
At 31 December 2010 and 1 January 2011	<u>81,628</u>	<u>81,876</u>
Movement for the year	13,702	13,399
At 31 December 2011	<u>95,330</u>	<u>95,275</u>

NOTES TO THE FINANCIAL STATEMENTS

31 December 2011

7. TAXATION (CONT'D)

Deferred tax assets and liabilities

Deferred taxes at 31 December 2011 and 2010 are related to the following:

	Group		Company	
	2011	2010	2011	2010
	S\$'000	S\$'000	S\$'000	S\$'000
Deferred tax liabilities				
Difference in depreciation	95,330	81,628	95,275	81,876

8. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit for the year attributable to shareholders by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share is calculated by dividing the net profit for the year attributable to shareholders by the weighted average number of ordinary shares outstanding during the financial year (adjusted for effects of dilutive options).

The following reflects the earnings and share data used in the computation of basic and diluted earnings per share for the financial years ended 31 December:

	Group	
	2011	2010
	S\$'000	S\$'000
Net profit attributable to shareholders for basic and diluted earnings per share	164,063	157,056
	No. of shares	No. of shares
	2011	2010
	'000	'000
Weighted average of ordinary shares on issue applicable to basic earnings per share	905,795	897,986
Effect of dilutive securities:		
Share options	911	149
Adjusted weighted average of ordinary shares on issue applicable to diluted earnings per share	906,706	898,135

9. EARNINGS BEFORE INTEREST, TAX, DEPRECIATION AND AMORTISATION ("EBITDA")

EBITDA is defined as follows:

	Group	
	2011	2010
	S\$'000	S\$'000
Profit before tax	197,406	190,462
Adjustments for:		
Amortisation of licences and spectrum rights	10,882	6,349
Depreciation of fixed assets	96,186	110,651
Interest on bank loans	5,958	5,845
EBITDA	310,432	313,307

NOTES TO THE FINANCIAL STATEMENTS

31 December 2011

10. FIXED ASSETS

Group

	Leasehold buildings S\$'000	Networks and related application systems S\$'000	Application systems and computers S\$'000	Motor vehicles S\$'000	Furniture, fittings and equipment S\$'000	Capital work-in- progress S\$'000	Total S\$'000
Cost:							
At 1 January 2010	78,930	1,230,213	176,820	872	54,897	103,781	1,645,513
Additions	25	67,094	10,360	59	9,038	13,286	99,862
Transfer of assets	–	70,451	–	–	–	(70,451)	–
Disposals	–	–	(409)	–	(8,243)	–	(8,652)
At 31 December 2010 and 1 January 2011	78,955	1,367,758	186,771	931	55,692	46,616	1,736,723
Additions	768	73,640	19,111	248	5,980	2,923	102,670
Disposals	(82)	(636)	(1,130)	–	(3,582)	–	(5,430)
At 31 December 2011	79,641	1,440,762	204,752	1,179	58,090	49,539	1,833,963
Accumulated depreciation:							
At 1 January 2010	34,781	811,536	148,633	525	38,598	–	1,034,073
Charge for the year	3,343	88,967	4,554	114	13,673	–	110,651
Disposals	–	–	(408)	–	(8,239)	–	(8,647)
At 31 December 2010 and 1 January 2011	38,124	900,503	152,779	639	44,032	–	1,136,077
Charge for the year	3,229	75,992	6,118	97	10,750	–	96,186
Disposals	(59)	(570)	(1,040)	–	(3,439)	–	(5,108)
At 31 December 2011	41,294	975,925	157,857	736	51,343	–	1,227,155
Net carrying amount:							
At 31 December 2010	40,831	467,255	33,992	292	11,660	46,616	600,646
At 31 December 2011	38,347	464,837	46,895	443	6,747	49,539	606,808

NOTES TO THE FINANCIAL STATEMENTS

31 December 2011

10. FIXED ASSETS (CONT'D)

Company

	Leasehold buildings S\$'000	Networks and related application systems S\$'000	Application systems and computers S\$'000	Motor vehicles S\$'000	Furniture, fittings and equipment S\$'000	Capital work-in- progress S\$'000	Total S\$'000
Cost:							
At 1 January 2010	78,840	1,228,949	174,638	873	49,066	103,781	1,636,147
Additions	25	67,061	8,126	59	8,045	13,286	96,602
Transfer of assets	–	70,451	–	–	–	(70,451)	–
Disposals	–	–	(344)	–	(8,217)	–	(8,561)
At 31 December 2010 and 1 January 2011	78,865	1,366,461	182,420	932	48,894	46,616	1,724,188
Additions	768	73,640	18,081	248	5,063	2,923	100,723
Disposals	(82)	(636)	(1,054)	–	(2,806)	–	(4,578)
At 31 December 2011	79,551	1,439,465	199,447	1,180	51,151	49,539	1,820,333
Accumulated depreciation:							
At 1 January 2010	34,768	811,321	146,727	526	34,272	–	1,027,614
Charge for the year	3,325	88,212	4,338	114	12,953	–	108,942
Disposals	–	–	(343)	–	(8,217)	–	(8,560)
At 31 December 2010 and 1 January 2011	38,093	899,533	150,722	640	39,008	–	1,127,996
Charge for the year	3,211	75,730	5,511	97	9,881	–	94,430
Disposals	(59)	(570)	(968)	–	(2,799)	–	(4,396)
At 31 December 2011	41,245	974,693	155,265	737	46,090	–	1,218,030
Net carrying amount:							
At 31 December 2010	40,772	466,928	31,698	292	9,886	46,616	596,192
At 31 December 2011	38,306	464,772	44,182	443	5,061	49,539	602,303

NOTES TO THE FINANCIAL STATEMENTS

31 December 2011

11. LICENCES AND SPECTRUM RIGHTS

	Group and Company S\$'000
Cost:	
At 1 January 2010	103,036
Additions	20,006
At 31 December 2010 and 1 January 2011	123,042
Additions	21,713
At 31 December 2011	144,755
Accumulated amortisation:	
At 1 January 2010	30,180
Charge for the year	6,349
At 31 December 2010 and 1 January 2011	36,529
Charge for the year	10,882
At 31 December 2011	47,411
Net carrying amount:	
At 31 December 2010	86,513
At 31 December 2011	97,344

The licences and spectrum rights have remaining useful lives ranging from 3.5 years to 10 years (2010: 4.5 years to 11 years).

12. INTANGIBLES

Group	Goodwill S\$'000	Club membership S\$'000	Total S\$'000
Cost:			
At 31 December 2010 and 1 January 2011	12,677	65	12,742
Additions	500	–	500
At 31 December 2011	13,177	65	13,242
Company		Club membership S\$'000	
Cost:			
At 31 December 2010 and 31 December 2011		65	

NOTES TO THE FINANCIAL STATEMENTS

31 December 2011

12. INTANGIBLES (CONT'D)

In 2009, the Group's subsidiary, M1 Net Ltd. (M1 Net), acquired a 100% equity interest in M1 Connect Pte. Ltd. (M1 Connect). The Group agreed to pay to some of the selling shareholders potential consideration of S\$2.5 million if certain financial targets can be met by M1 Connect for financial periods up to and ending on 30 June 2011. In the current financial year, the Group paid an additional S\$0.5 million to certain previous shareholders of M1 Connect after the performance targets were met. This gave rise to an adjustment to goodwill arising from this acquisition.

Impairment testing of goodwill

Management has allocated the goodwill to M1 Net and M1 Connect as a single cash-generating unit (CGU) for impairment testing. The recoverable amount of the CGU has been determined based on value in use calculations using cash flow projections covering a five-year period. The discount rate applied to the cash flow projections and terminal growth rate used to extrapolate cash flow projections beyond the five-year period are 10% and nil respectively.

The calculation of value in use for the CGU is most sensitive to the following assumptions:

Terminal growth rate – The terminal growth rate used does not exceed the long term average growth rate of the industry and country in which the CGU operates.

Pre-tax discount rate – Discount rate reflects the current market assessment of the risks specific to the CGU.

13. STAFF LOANS

	Group and Company	
	2011	2010
	S\$'000	S\$'000
Repayable within one year (included in Note 18)	271	335
Repayable after one year	547	873
	<u>818</u>	<u>1,208</u>

Staff loans are repayable in equal monthly instalments over periods of up to seven years and interest bearing at rates of up to 2% (2010: 2%) per annum.

14. INTERESTS IN SUBSIDIARIES

	Company	
	2011	2010
	S\$'000	S\$'000
Unquoted shares:		
At cost	8,560	8,560
Impairment loss	(1,560)	(1,560)
	<u>7,000</u>	<u>7,000</u>

NOTES TO THE FINANCIAL STATEMENTS

31 December 2011

14. INTERESTS IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries of the Company as at 31 December 2011 and 2010 are as follows:

Name of Company	Country of incorporation	Principal activities	Effective interest of the Company	
			2011 %	2010 %
Held by the Company				
M1 Shop Pte Ltd	Singapore	Retail sales of telecommunication equipment and accessories	100	100
M1 Net Ltd.	Singapore	Provision of broadband and other related telecommunication services	100	100
Wireless Intellect Labs Pte Ltd	Singapore	Licensor of intellectual property rights	100	100
Kliq Pte. Ltd.	Singapore	Dormant	100	100
Held by subsidiary of the Company				
M1 Connect Pte. Ltd.	Singapore	Provision of broadband and other related telecommunication services	100	100

All subsidiaries are audited by Ernst & Young LLP except for Kliq Pte. Ltd. for which there is no statutory audit requirement.

15. JOINT VENTURE

The Group had a 50% joint venture with PLDT (SG) Retail Service Pte Ltd. The principal activity of this joint venture is provision of prepaid mobile services.

The aggregate amounts of each of current assets, non-current assets, current liabilities, income and expenses related to the Group's interests in the jointly-controlled operation are as follows:

	Group	
	2011 S\$'000	2010 S\$'000
Assets and liabilities:		
Current assets	–	1,261
Non-current assets	–	119
Total assets	–	1,380
Current liabilities	–	(2,068)
Non-current liabilities	–	(15)
Total liabilities	–	(2,083)
Results:		
Revenue	3,072	6,171
Expenses	(2,369)	(6,707)
Profit/(loss) for the financial year	703	(536)

In August 2011, the Company entered into an agreement with PLDT (SG) Retail Service Pte Ltd to dispose its 50% shareholdings.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2011

16. INVENTORIES

	Group		Company	
	2011	2010	2011	2010
	S\$'000	S\$'000	S\$'000	S\$'000
Handsets	34,061	21,151	–	–
Accessories	2,270	2,259	530	664
	<u>36,331</u>	<u>23,410</u>	<u>530</u>	<u>664</u>

17. TRADE DEBTORS

Trade debtors comprise billed trade debtors, accrued service revenue and accrued handset revenue.

Billed trade debtors are non-interest bearing and are generally on 30 to 90 days terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

	Group		Company	
	2011	2010	2011	2010
	S\$'000	S\$'000	S\$'000	S\$'000
Billed trade debtors	77,634	71,574	75,490	69,480
Accrued revenue	128,751	123,623	128,751	123,623
	<u>206,385</u>	<u>195,197</u>	<u>204,241</u>	<u>193,103</u>
Allowance for doubtful debts	(18,675)	(16,969)	(18,675)	(16,750)
	<u>187,710</u>	<u>178,228</u>	<u>185,566</u>	<u>176,353</u>

The Group has accrued handset revenue amounting to S\$105,817,000 (2010: S\$95,416,000) included in accrued revenue.

Debtors that are past due but not impaired:

The Group and Company have unsecured trade debtors that are past due at the statement of financial position date but not impaired and the analysis of their ageing at the statement of financial position date is as follows:

	Group		Company	
	2011	2010	2011	2010
	S\$'000	S\$'000	S\$'000	S\$'000
Trade debtors past due:				
30 – 60 days	7,757	7,523	7,722	7,510
61 – 90 days	2,936	2,377	2,891	2,361
More than 90 days	4,330	4,345	4,153	4,282
	<u>15,023</u>	<u>14,245</u>	<u>14,766</u>	<u>14,153</u>

NOTES TO THE FINANCIAL STATEMENTS

31 December 2011

17. TRADE DEBTORS (CONT'D)

Debtors that are impaired:

The Group's and Company's trade debtors that are impaired at the end of the reporting period and the movement of the allowance accounts used to record impairment are as follows:

	Group		Company	
	2011 S\$'000	2010 S\$'000	2011 S\$'000	2010 S\$'000
Trade receivables – gross amount	58,774	54,507	58,774	54,287
Less: Allowance for doubtful debts	(18,675)	(16,969)	(18,675)	(16,750)
	<u>40,099</u>	<u>37,538</u>	<u>40,099</u>	<u>37,537</u>
Movement in allowance accounts:				
Balance at beginning of financial year	16,969	13,394	16,750	13,175
Charge for the year	18,472	16,705	18,692	16,705
Written-off	(16,766)	(13,130)	(16,767)	(13,130)
Balance at end of financial year	<u>18,675</u>	<u>16,969</u>	<u>18,675</u>	<u>16,750</u>

18. OTHER DEBTORS AND DEPOSITS

	Group		Company	
	2011 S\$'000	2010 S\$'000	2011 S\$'000	2010 S\$'000
Deposits	5,341	4,962	3,912	3,631
Staff loans (Note 13)	271	335	271	335
Sundry debtors	12,198	10,399	10,268	6,827
Fair value adjustment of forward currency contracts	–	237	–	237
	<u>17,810</u>	<u>15,933</u>	<u>14,451</u>	<u>11,030</u>

NOTES TO THE FINANCIAL STATEMENTS

31 December 2011

19. DUE FROM/(TO) RELATED PARTIES AND SUBSIDIARIES

	Group		Company	
	2011 S\$'000	2010 S\$'000	2011 S\$'000	2010 S\$'000
Due from a subsidiary (non-trade)	–	–	16,930	16,430
Due from subsidiaries	–	–	9,602	6,748
Due from related parties	276	503	269	499
Allowance for impairment	–	–	(2,387)	(2,387)
	<u>276</u>	<u>503</u>	<u>7,484</u>	<u>4,860</u>
Due to subsidiaries	–	–	(54,302)	(36,045)
Due to related parties	(383)	(838)	(383)	(828)
	<u>(383)</u>	<u>(838)</u>	<u>(54,685)</u>	<u>(36,873)</u>

The non-trade amount due from a subsidiary is unsecured, non-interest bearing and not expected to be repaid by the subsidiary in the next twelve months.

The amounts due from/(to) subsidiaries are unsecured, non-interest bearing and are repayable on demand.

The amounts due from/(to) related parties are unsecured, non-interest bearing and are generally on 30 to 90 days terms.

20. CASH AND CASH EQUIVALENTS

	Group		Company	
	2011 S\$'000	2010 S\$'000	2011 S\$'000	2010 S\$'000
Cash and bank balances	<u>11,837</u>	<u>8,783</u>	<u>6,614</u>	<u>8,362</u>

Cash and cash equivalents comprise cash on hand and at banks, which earn interest at floating rates offered by short-term money market ranging from 0.02% to 0.50% (2010: 0.05% to 0.42%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2011

21. CREDITORS AND ACCRUALS

	Group		Company	
	2011	2010	2011	2010
	S\$'000	S\$'000	S\$'000	S\$'000
Trade creditors	98,922	72,423	44,068	41,756
Accrued operating expenses	33,816	27,672	30,208	24,597
Accrued capital expenditure	57,607	53,440	57,174	53,005
Interest payable	1,097	556	1,097	556
Directors' fees payable	407	450	407	450
Other creditors	4,400	3,817	4,311	3,731
	<u>196,249</u>	<u>158,358</u>	<u>137,265</u>	<u>124,095</u>

Trade and other payables are non-interest bearing and are normally settled on 30 to 90 days terms.

22. BORROWINGS

	Group and Company	
	2011	2010
	S\$'000	S\$'000
Current:		
Short term bank loans	53,300	66,000
Non-current:		
Long term bank loans	250,000	250,000
	<u>303,300</u>	<u>316,000</u>

The S\$53.3 million (2010: S\$66 million) short-term loans are unsecured, interest bearing at rates ranging from 0.90% to 1.19% (2010: 0.69% to 0.70%) per annum and are repayable in full in January 2012 (2010: January 2011).

The S\$250 million long term loans are unsecured and are repayable in full in May 2013. They consist of a S\$125 million fixed rate loan at an effective rate of 2.6% (2010: 2.6%) per annum and a S\$125 million floating rate loan. The S\$125 million floating rate loan is interest bearing at a rate which is based on the variable Singapore Dollar Swap Offer Rate, payable semi-annually every November and May. The Company has entered into an interest rate swap to hedge the S\$125 million floating rate loan, whereby it receives interest at the variable Singapore Dollar Swap Offer Rate and pays interest at a fixed rate of 1.579% (2010: 1.579%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2011

23. SHARE CAPITAL

	Group and Company S\$'000
Issued and fully-paid:	
Balance as at 1 January 2010	
895,098,782 ordinary shares	116,473
Issued during the financial year	
4,778,500 ordinary shares for cash on exercise of employee share options	11,086
Balance as at 31 December 2010 and 1 January 2011	
899,877,282 ordinary shares	127,559
Issued during the financial year	
8,088,500 ordinary shares for cash on exercise of employee share options	17,179
Balance as at 31 December 2011	
907,965,782 ordinary shares	144,738

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

The Company has an employee share option scheme (see Note 27) under which options to subscribe for the Company's ordinary shares may have been granted to employees (including executive director) and non-executive directors of the Company and its subsidiaries.

24. HEDGING RESERVE

Hedging reserve records the portion of the fair value changes on derivative financial instruments designated as hedge instruments in cash flow hedges that is determined to be an effective hedge.

	Group and Company S\$'000
At 1 January 2010	(1,172)
Net loss on fair value changes during the year	(482)
Recognised in profit or loss on occurrence of interest rate swap contracts recognised in "Finance costs"	1,497
At 31 December 2010 and 1 January 2011	(157)
Net loss on fair value changes during the year	(1,251)
Recognised in profit or loss on occurrence of interest rate swap contracts recognised in "Finance costs"	677
At 31 December 2011	(731)

NOTES TO THE FINANCIAL STATEMENTS

31 December 2011

25. RELATED PARTY TRANSACTIONS

In addition to the related party information disclosed elsewhere in the financial statements, the following were significant transactions entered into by the Group and related parties who are not members of the Group at market rates agreed between the parties during the financial year:

	Group		Company	
	2011	2010	2011	2010
	S\$'000	S\$'000	S\$'000	S\$'000
Substantial shareholders and their subsidiaries				
Telecommunication services rendered	(11,469)	(14,247)	(11,358)	(14,207)
Telecommunication services received	13,933	18,255	13,931	18,255
Rental and maintenance services received	8,896	8,212	5,891	5,503

26. COMMITMENTS

(a) Capital commitments

Capital expenditure contracted for as at the statement of financial position date but not recognised in the financial statements are as follows:

	Group and Company	
	2011	2010
	S\$'000	S\$'000
Capital commitments in respect of fixed assets	40,776	2,113

(b) Operating lease commitments

Rental expenses (principally for land, offices, retail outlets, service centres and base stations) under operating leases were S\$28,299,000 and S\$25,516,000 for the financial years ended 31 December 2011 and 2010 respectively.

The Group leases various properties under operating lease agreements. These leases have varying terms, escalation clauses and renewal rights. The future minimum lease payments are as follows:

	Group		Company	
	2011	2010	2011	2010
	S\$'000	S\$'000	S\$'000	S\$'000
Within one year	12,441	14,000	8,592	8,009
After one year but not more than five years	14,482	14,026	11,434	10,411
More than five years	5,753	5,762	5,753	5,762
	32,676	33,788	25,779	24,182

NOTES TO THE FINANCIAL STATEMENTS

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27. SHARE OPTIONS

The Company has an employee share option scheme, M1 Share Option Scheme (the "Scheme"), for granting of non-transferable options to employees (including executive director) and non-executive directors of the Company and its subsidiaries.

The Remuneration Committee is responsible for administering the Scheme. The Remuneration Committee members are Mr Roger Barlow (Chairman of Committee), Mr Chow Kok Kee, Mr Low Huan Ping, Mr Alan Ow Soon Sian and Mr Teo Soon Hoe.

Under the Scheme, options granted have a term of 5 years or 10 years from the date of grant for non-executive directors and Group executives respectively.

The subscription price for each ordinary share in respect of which an option is exercisable shall be determined by the Remuneration Committee as follows:

- (i) at a price equal to the average of the last dealt prices of the Company's shares on the Singapore Exchange Securities Trading Limited over the five consecutive trading days immediately preceding the date of grant of that option (the "Market Price") or such higher price as may be determined by the Remuneration Committee in its absolute discretion; or
- (ii) at a price, which is set at the absolute discretion of the Remuneration Committee, at a discount to the Market Price so long as the maximum discount for any option shall not exceed 20% of the Market Price in respect of that option.

For good corporate governance, the Remuneration Committee had in 2003 resolved that the date of grant of share options under the Scheme shall be a pre-determined date; that is, the date falling 14 days immediately after the date of announcement of the Company's full-year results.

Information with respect to the number of options granted under the Scheme is as follows:

Date of grant	Balance as at 1 January 2011 or date of grant	Exercised	Cancelled*	Balance as at 31 December 2011	Subscription price
9 November 2002	10,000	(10,000)	–	–	S\$1.25
4 February 2004	494,000	(134,000)	–	360,000	S\$1.50
3 February 2005	2,788,700	(740,000)	–	2,048,700	S\$1.81
2 February 2006	5,498,000	(1,396,000)	(110,000)	3,992,000	S\$2.21
6 February 2007	5,081,000	(1,343,000)	(52,500)	3,685,500	S\$2.17
11 February 2008	4,663,000	(2,076,000)	(28,000)	2,559,000	S\$1.90
2 February 2009	5,026,500	(1,559,000)	(306,000)	3,161,500	S\$1.60
4 June 2009	320,000	–	–	320,000	S\$1.60
3 February 2010	7,135,000	(830,500)	(445,000)	5,859,500	S\$2.04
15 June 2010	100,000	–	–	100,000	S\$2.04
7 February 2011	8,300,000	–	(200,000)	8,100,000	S\$2.44
	<u>39,416,200</u>	<u>(8,088,500)</u>	<u>(1,141,500)</u>	<u>30,186,200</u>	

* Cancelled when staff resigned from the Company.

The above options will vest over a period of three years from the date of grant and may be exercisable for a period commencing after the first anniversary of the date of grant and expiring on the 10th anniversary of the date of grant.

The weighted average fair value of options granted during the financial year was S\$0.25 (2010: S\$0.23).

NOTES TO THE FINANCIAL STATEMENTS

31 December 2011

27. SHARE OPTIONS (CONT'D)

The weighted average share price at the date of exercise of the options during the financial year was S\$2.44 (2010: S\$2.13).

The weighted average remaining contractual life for options outstanding at the end of the financial year is 6.4 years (2010: 6.9 years).

Information on a director of the Company participating in the Scheme is as follows:

Name of director	Options granted during financial year	Aggregate options granted since commencement of Scheme to end of financial year	Aggregate options exercised since commencement of Scheme to end of financial year	Aggregate options outstanding at end of financial year	Subscription price
Karen Kooi Lee Wah	800,000	6,115,000	1,909,300	4,205,700	S\$1.25 – S\$2.44

The fair value of the share options as at the date of grant is computed using the Black-Scholes model, taking into account the terms and conditions upon which the options were granted. The inputs to the model for all grants not vested for the years ended 31 December 2011 and 31 December 2010 are shown below:

Date of grant	7-Feb-11	15-Jun-10	3-Feb-10	4-Jun-09	2-Feb-09
Dividend Yield (%)	7.14	6.31	6.42	8.97	8.01
Expected Volatility (%)	28.00	29.00	29.00	29.00	28.00
Risk-free interest rate (%)	1.03	0.55	0.81	0.66	0.78
Expected life of option (years)	3.10	3.10	3.10	3.10	3.10
Share price (\$)	2.45	2.13	2.06	1.50	1.68
Exercise price (\$)	2.44	2.12	2.04	1.60	1.60

The expected life of the option is based on historical date and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of the option were incorporated into the measurement of fair value.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2011

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's instruments are, in the normal course of business, exposed to interest rate, foreign currency, credit and liquidity risks. The Group's risk management strategy aims to minimise the adverse effects of financial risk on the financial performance of the Group. The Group also enters into derivative transactions, including interest rate swaps and forward currency contracts. The purpose is to manage the interest rate and currency risks arising from the Group's operations and its sources of financing. There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from the Group's long-term debt obligation.

The Group's policy is to manage its interest cost using a mix of variable and fixed rate debts. To manage this mix in a cost-efficient manner, the Group enters into interest rate swaps, in which the Group agrees to exchange, at specified intervals, the difference between fixed and variable interest amounts calculated by reference to an agreed-upon notional principal amount. These swaps are designated to hedge underlying debt obligations. As at 31 December 2011 and 2010, after taking into account the effect of interest rate swap, all of the Group's long-term borrowings are at fixed rates of interest.

Foreign currency risk

The Group's revenue and expenditure are primarily transacted in Singapore dollar. The currency exposures are limited to US dollars ("USD") and Special Drawing Rights ("SDR"). SDR is an international reserve asset created by International Monetary Fund and is valued on the basis of a basket of key national currencies.

The Group and the Company also hold cash and cash equivalents denominated in foreign currencies for working capital purposes. At the statement of financial position date, such foreign currency balances (mainly in USD and Euro) amount to S\$1,912,000 (31 December 2010: S\$2,611,000) for both the Group and the Company.

Whenever possible, foreign currency transactions are matched to minimise the exposure. The exchange rates are continually monitored and forward contracts are used when appropriate to hedge against exchange rate fluctuations.

As at the statement of financial position date, the Group's currency exposures are insignificant.

Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group relies on its internal working capital and bank borrowings to fund most of its operating and investing activities. There are sufficient revolving credit facilities available to meet short term funding requirements.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2011

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

The table below summarises the maturity profile of the Group's and Company's financial liabilities at the statement of financial position date based on contractual undiscounted payments.

	1 year or less S\$'000	1 to 5 years S\$'000	Total S\$'000
Group			
Creditors	158,358	–	158,358
Other liabilities and derivatives	1,027	–	1,027
Borrowings	71,094	257,031	328,125
As at 31 December 2010	<u>230,479</u>	<u>257,031</u>	<u>487,510</u>
Creditors	196,249	–	196,249
Other liabilities and derivatives	1,264	–	1,264
Borrowings	58,410	251,955	310,365
As at 31 December 2011	<u>255,923</u>	<u>251,955</u>	<u>507,878</u>
Company			
Creditors	124,095	–	124,095
Other liabilities and derivatives	37,062	–	37,062
Borrowings	71,094	257,031	328,125
As at 31 December 2010	<u>232,251</u>	<u>257,031</u>	<u>489,282</u>
Creditors	137,265	–	137,265
Other liabilities and derivatives	55,566	–	55,566
Borrowings	58,410	251,955	310,365
As at 31 December 2011	<u>251,241</u>	<u>251,955</u>	<u>503,196</u>

Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's credit risk is mitigated by its combination of cash and credit sales. For credit sales, the Group has no significant concentration of credit risk from trade debtors due to its diverse customer base. Credit risk is managed through credit checks, credit reviews and monitoring procedures that includes a formal automated collection process.

The Group's maximum exposure to credit risk in the event the counterparties fail to perform their obligations as of 31 December 2011 in relation to each class of recognised financial assets, other than derivatives, is the carrying amount of those assets as indicated in the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS

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29. FAIR VALUES OF FINANCIAL INSTRUMENTS

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in forced or liquidation sale.

Financial instruments carried at fair value

The Company has carried all derivative financial instruments at their fair value as required by FRS 39. The following table shows an analysis of financial instruments carried at fair value by level of fair value hierarchy:

	Group significant other observable inputs (Level 2)	
	2011 S\$'000	2010 S\$'000
Financial liabilities		
Derivative assets/(liabilities) (Note 30)		
– Forward currency contracts	–	237
– Interest rate swap	(881)	(189)

Fair value hierarchy

The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy have the following levels:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices), and

Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

Determination of fair value

Derivatives (Note 30): Forward currency contracts and interest rate swap contracts are valued using a valuation technique with market observable inputs. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates and interest rate curves.

Financial instruments whose carrying amount approximate fair value

Management has determined that the carrying amounts of current trade debtors, other debtors, due from related parties, cash and cash equivalents, creditors and due to related parties, based on their notional amounts, are reasonable approximation of fair values either due to their short-term nature or they are floating rate instruments that are re-priced to market rates on or near the statement of financial position date.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2011

29. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONT'D)

The fair value of financial liabilities by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value are as follows:

	Group				Company			
	2011 S\$'000		2010 S\$'000		2011 S\$'000		2010 S\$'000	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Financial liabilities:								
– Fixed rate bank loans (non-current)	125,000	124,640	125,000	123,990	125,000	124,640	125,000	123,990

30. DERIVATIVES

As at 31 December 2011, the Company has one (31 December 2010: one) interest rate swap agreement in place with notional amount of S\$125 million, whereby it receives interest at the variable Singapore Dollar Swap Offer Rate and pays interest at a fixed Singapore Dollar rate of 1.579% (2010: 1.579%) per annum semi-annually every November and May.

This swap is designated as cash flow hedge and being used to hedge the cash flow interest rate risk of the Company's floating rate long-term loan. The interest rate swap and the floating rate long-term loan have the same critical terms and notional amount of S\$125 million.

The fair value (liability position) of the interest rate swap at 31 December 2011 was S\$881,000 (31 December 2010: S\$189,000), which is included in hedging reserve. There was no impact to profit or loss.

The forward currency contracts of notional amounts S\$Nil (2010: S\$14,539,000) are used to hedge foreign currency risk arising from the Group's purchases denominated in USD and Euros. The Group does not apply hedge accounting for these forward currency contracts. The fair value gain of the forward currency contracts at 31 December 2011 was S\$Nil (2010: S\$237,000).

NOTES TO THE FINANCIAL STATEMENTS

31 December 2011

31. CLASSIFICATION OF FINANCIAL INSTRUMENTS

The following table shows a comparison by category of carrying amounts of the Group's and Company's financial assets and liabilities that are carried in the financial statements:

	Loans and receivables
	S\$'000
Group	
31 December 2011	
Assets	
Staff loans	818
Trade debtors	187,710
Deposits	5,341
Sundry debtors	12,198
Due from related parties	276
Cash and cash equivalents	11,837
	<u>218,180</u>

	Liabilities at amortised cost	Derivatives used for hedging	Total
	S\$'000	S\$'000	S\$'000
Group			
31 December 2011			
Liabilities			
Creditors and accruals	196,249	–	196,249
Due to related parties	383	–	383
Borrowings	303,300	–	303,300
Derivative liabilities	–	881	881
	<u>499,932</u>	<u>881</u>	<u>500,813</u>

NOTES TO THE FINANCIAL STATEMENTS

31 December 2011

31. CLASSIFICATION OF FINANCIAL INSTRUMENTS (CONT'D)

	Loans and receivables S\$'000	Fair value through profit or loss S\$'000	Total S\$'000
Group			
31 December 2010			
Assets			
Staff loans	1,208	–	1,208
Trade debtors	178,228	–	178,228
Deposits	4,962	–	4,962
Sundry debtors	10,399	–	10,399
Fair value adjustment of forward currency contracts	–	237	237
Due from related parties	503	–	503
Cash and cash equivalents	8,783	–	8,783
	<u>204,083</u>	<u>237</u>	<u>204,320</u>
Liabilities			
	Liabilities at amortised cost S\$'000	Derivatives used for hedging S\$'000	Total S\$'000
Group			
31 December 2010			
Liabilities			
Creditors and accruals	158,358	–	158,358
Due to related parties	838	–	838
Borrowings	316,000	–	316,000
Derivative liabilities	–	189	189
	<u>475,196</u>	<u>189</u>	<u>475,385</u>

NOTES TO THE FINANCIAL STATEMENTS

31 December 2011

31. CLASSIFICATION OF FINANCIAL INSTRUMENTS (CONT'D)

			Loans and receivables
			S\$'000
<hr/>			
Company			
31 December 2011			
Assets			
Staff loans			818
Trade debtors			185,566
Deposits			3,912
Sundry debtors			10,268
Due from related parties and subsidiaries			7,484
Cash and cash equivalents			6,614
			<hr/>
			214,662
			<hr/>
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NOTES TO THE FINANCIAL STATEMENTS

31 December 2011

31. CLASSIFICATION OF FINANCIAL INSTRUMENTS (CONT'D)

	Loans and receivables S\$'000	Fair value through profit or loss S\$'000	Total S\$'000
Company			
31 December 2010			
Assets			
Staff loans	1,208	–	1,208
Trade debtors	176,353	–	176,353
Deposits	3,631	–	3,631
Sundry debtors	6,827	–	6,827
Fair value adjustment of forward currency contracts	–	237	237
Due from related parties and subsidiaries	4,860	–	4,860
Cash and cash equivalents	8,362	–	8,362
	<u>201,241</u>	<u>237</u>	<u>201,478</u>
	Liabilities at amortised cost S\$'000	Derivatives used for hedging S\$'000	Total S\$'000
Company			
31 December 2010			
Liabilities			
Creditors and accruals	124,095	–	124,095
Due to related parties and subsidiaries	36,873	–	36,873
Borrowings	316,000	–	316,000
Derivative liabilities	–	189	189
	<u>476,968</u>	<u>189</u>	<u>477,157</u>

NOTES TO THE FINANCIAL STATEMENTS

31 December 2011

32. CAPITAL MANAGEMENT

The objective of the Group's capital management policy is to provide capacity to support business requirements and to take advantage of business opportunities that might arise, so as to enhance shareholder value. With prudent capital management, the Group aims to maintain a sustainable regular payout ratio.

The capital structure of the Group consists of borrowings, cash and cash equivalents and shareholders' equity.

There was no change in the Group's approach to capital management during the year.

	Group		Company	
	2011	2010	2011	2010
	S\$'000	S\$'000	S\$'000	S\$'000
Borrowings				
– Current	53,300	66,000	53,300	66,000
– Non-current	250,000	250,000	250,000	250,000
Cash and cash equivalents	11,837	8,783	6,614	8,362
Shareholders' equity	<u>322,547</u>	<u>302,894</u>	<u>295,602</u>	<u>281,905</u>

33. DIVIDENDS

	Group and Company	
	2011	2010
	S\$'000	S\$'000
Declared and paid during the financial year:		
Final – the previous year		
7.7 cents (2010: 7.2 cents) per ordinary share (one-tier tax)	69,726	64,628
Special – the previous year		
3.5 cents per ordinary share (one-tier tax)	31,694	–
Interim – the current year		
6.6 cents (2010: 6.3 cents) per ordinary share (one-tier tax)	59,900	56,616
	<u>161,320</u>	<u>121,244</u>
Proposed but not recognised as a liability as at 31 December:		
Final		
7.9 cents (2010: 7.7 cents) per ordinary share (one-tier tax)	71,350	69,323
Special		
Nil (2010: 3.5 cents) per ordinary share (one-tier tax)	–	31,527
	<u>71,350</u>	<u>100,850</u>

The directors propose a final dividend of 7.9 cents per ordinary share (one-tier tax) in respect of the financial year ended 31 December 2011 for approval by shareholders at the forthcoming Annual General Meeting of the Company.

34. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements for the year ended 31 December 2011 were authorised for issue in accordance with a resolution of the directors on 17 February 2012.

MAJOR PROPERTIES

Name	:	Main Operations Centre (MOC)
Use	:	Head Office and Switch Centre
Address	:	10 International Business Park, Singapore 609928
Land Area (Sq m)	:	8,442
Date of Purchase	:	8 October 1996
Expiry Date of Lease¹	:	28 February 2026

Name	:	MiWorld Building
Use	:	Office
Address	:	9 International Business Park, Singapore 609915
Land Area (Sq m)	:	6,850
Date of Purchase	:	15 February 2002
Expiry Date of Lease¹	:	30 June 2022

Name	:	Regional Operations Centre (ROC)
Use	:	Office and Switch Centre
Address	:	4 Aljunied Avenue 1, Singapore 389978
Land Area (Sq m)	:	4,816
Date of Purchase	:	19 November 2001
Expiry Date of Lease¹	:	30 May 2020

¹ The Company has the option to lease for a further term of 30 years.

STATISTICS OF SHAREHOLDINGS

as at 27 February 2012

Issued and fully paid-up capital	:	S\$143,830,112.72
Class of shares	:	Ordinary shares
Voting rights	:	One vote per share

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 999	3,258	31.85	2,650,469	0.29
1,000 – 10,000	5,857	57.26	22,702,194	2.49
10,001 – 1,000,000	1,098	10.73	53,450,501	5.88
1,000,001 and above	16	0.16	830,891,118	91.34
TOTAL	10,229	100.00	909,694,282	100.00

TWENTY LARGEST SHAREHOLDERS

No	Name	No. of Shares	%
1	Raffles Nominees (Pte) Ltd	276,578,221	30.40
2	Keppel Telecoms Pte Ltd	178,864,000	19.66
3	SPH Multimedia Pte Ltd	124,453,000	13.68
4	HSBC (Singapore) Nominees Pte Ltd	82,357,577	9.05
5	Citibank Nominees Singapore Pte Ltd	61,864,714	6.80
6	DBS Nominees Pte Ltd	54,532,020	5.99
7	DBSN Services Pte Ltd	27,179,710	2.99
8	United Overseas Bank Nominees Pte Ltd	7,852,153	0.86
9	DB Nominees (S) Pte Ltd	3,950,215	0.43
10	Merrill Lynch (Singapore) Pte Ltd	2,851,508	0.31
11	Bank of Singapore Nominees Pte Ltd	2,805,000	0.31
12	Morgan Stanley Asia (Singapore) Securities Pte Ltd	2,565,000	0.28
13	Graff Max Hans Sieghold	1,560,000	0.17
14	York Hotel (Private) Limited	1,300,000	0.14
15	Teo Xian-Hui Amanda Marie (Zhang Xianhui Amanda Marie)	1,150,000	0.13
16	Nomura Securities Singapore Pte Ltd	1,028,000	0.11
17	Khoo Teck Puat Foundation	1,000,000	0.11
18	Yap Chong Hin Gabriel	1,000,000	0.11
19	CIMB Securities (Singapore) Pte Ltd	922,860	0.10
20	Heng Siew Eng	905,000	0.10
TOTAL		834,718,978	91.73

STATISTICS OF SHAREHOLDINGS

as at 27 February 2012

SUBSTANTIAL SHAREHOLDERS

Name	No. of Shares			%
	Direct Interest	Deemed Interest	Total Interest	
Axiata Investments (Singapore) Limited	265,410,150	–	265,410,150	29.18
Khazanah Nasional Berhad	–	265,410,150 ²	265,410,150	29.18
Axiata Group Berhad	–	265,410,150 ²	265,410,150	29.18
Temasek Holdings (Private) Limited	–	179,399,360 ³	179,399,360	19.72
Keppel Telecoms Pte Ltd	178,864,000	–	178,864,000	19.66
Keppel Communications Pte Ltd	–	178,864,000 ⁴	178,864,000	19.66
Keppel Data Centres Pte. Ltd. ¹	–	178,864,000 ⁴	178,864,000	19.66
Keppel Telecommunications & Transportation Ltd	–	178,864,000 ⁴	178,864,000	19.66
Keppel Corporation Limited	–	178,864,000 ⁴	178,864,000	19.66
SPH Multimedia Private Limited	124,453,000	–	124,453,000	13.68
Singapore Press Holdings Limited	–	124,453,000 ⁵	124,453,000	13.68

Notes:

¹ Keppel Data Centres Pte. Ltd. was formerly known as DataOne (Asia) Pte Ltd

² Each of Khazanah Nasional Berhad and Axiata Group Berhad are deemed to be interested in the 265,410,150 Shares held by Axiata Investments (Singapore) Limited pursuant to Section 7 of the Companies Act

³ Temasek Holdings (Private) Limited is deemed to be interested in the 179,399,360 Shares in which Keppel Corporation Limited, DBS Group Holdings Ltd and Fullerton Fund Management Company Ltd are deemed to have an interest pursuant to Section 7 of the Companies Act

⁴ Keppel Communications Pte Ltd, Keppel Data Centres Pte. Ltd., Keppel Telecommunications & Transportation Ltd and Keppel Corporation Limited are deemed to be interested in the 178,864,000 Shares held by Keppel Telecoms Pte Ltd pursuant to Section 7 of the Companies Act

⁵ Singapore Press Holdings Limited is deemed to be interested in the 124,453,000 Shares held by SPH Multimedia Private Limited pursuant to Section 7 of the Companies Act

FREE FLOAT

Approximately 37.41% of the issued share capital of the Company were held in the hands of the public (on the basis of information available to the Company).

Accordingly, the Company has complied with Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Teo Soon Hoe, Chairman
 Karen Kooi Lee Wah
 Roger Barlow
 Chow Kok Kee
 Dato' Sri Jamaludin Ibrahim
 Kannan Ramesh
 Low Huan Ping
 Alan Ow Soon Sian
 Reggie Thein

AUDIT COMMITTEE

Reggie Thein, Chairman
 Kannan Ramesh
 Alan Ow Soon Sian

REMUNERATION COMMITTEE

Roger Barlow, Chairman
 Chow Kok Kee
 Low Huan Ping
 Alan Ow Soon Sian
 Teo Soon Hoe

NOMINATING COMMITTEE

Chow Kok Kee, Chairman
 Roger Barlow
 Reggie Thein

COMPANY SECRETARY

Anil Sachdev

REGISTERED ADDRESS

10 International Business Park
 Singapore 609928
 Telephone : +65 6655 1111
 Facsimile : +65 6655 1977

REGISTRAR

Boardroom Corporate &
 Advisory Services Pte. Ltd.

50 Raffles Place
 #32-01 Singapore Land Tower
 Singapore 048623
 Telephone : +65 6536 5355
 Facsimile : +65 6536 1360

AUDITORS

Ernst & Young LLP
 Public Accountants and
 Certified Public Accountants

One Raffles Quay
 North Tower, Level 18
 Singapore 048583
 Partner-in-charge (since 2010): Terry Wee

PRINCIPAL BANKERS

Citibank N.A., Singapore Branch
 Oversea-Chinese Banking Corporation Limited
 DBS Bank Ltd
 CIMB Bank Berhad

INVESTOR RELATIONS

For investor enquiries, please contact the
 Investor Relations team at
 Telephone : +65 6655 1111
 Facsimile : +65 6655 1977
 Email : ir@m1.com.sg
 Website : www.m1.com.sg