Annual Report

2008

Generation NEXT

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M1, Singapore's most exciting and innovative mobile, broadband and IDD service provider, was launched in April 1997. Since then, it has made significant inroads into the local mobile communications market, gaining considerable brand presence and market share. M1 aims to be the leader in personal voice, business and data communications, focusing on value, quality and customer service. More information on M1 is available at www.m1.com.sg.

The global convergence of telecommunications, information and entertainment services presents exciting new opportunities for M1.

In Singapore, the **Next Generation National Broadband Network (NGNBN)** is part of the Government's Intelligent Nation 2015 vision to connect homes and businesses with an ultra-high-speed broadband network. From as early as 2010, the NGNBN will provide a pervasive platform for such convergence and facilitate M1's transformation from a single-play operator to a dynamic multi-play operator.

M1 customers can look forward to an exciting and comprehensive range of next generation fixed and mobile services that offer seamless internet access, delightful content offerings and endless entertainment possibilities.

What's NEXT?

RIDE THE

NEXT BIG WAVE

of ultra high-speed wireless broadband services that allows you to surf like never before anywhere under the sun

Surfing the Internet on the move has never been easier with M1 Wireless Broadband. With downlink speeds of up to 21 Mbps being made available in 2009, M1 delivers richer multi-media experiences for users on the go.

MAKING THE

NEXT CONNECTION

to high-speed fixed line internet

Following the launch of M1 Fixed Broadband offering downlink speeds of up to 100 Mbps and uplink speeds of up to 2 Mbps, M1 is now a full fledged broadband player in both the wireless and fixed space. Together with our exceptional customer service, M1 provides for all your broadband needs.

WE ARE YOUR

NEXT LINK

to exciting new innovations

Known to lead in innovation and to deliver many firsts, M1 continues to delight customers and exceed their expectations. With DuoSIM, customers can now enjoy seamless dual SIM access in a single handset. Parents who wish to restrict calls made or received by their children can opt for KidSAFE, the first such service worldwide. With the introduction of Location Based Advertising nationwide, retailers can now tailor marketing messages and promotional offers via SMS to all M1 shoppers in the vicinity of their shops.

THE

NEXT MEGA HIT

right at your fingertips

Be it connecting to friends through instant messaging and social networking sites or catching the latest videos, music and information on the go, M1 puts the latest mobile entertainment and information at your fingertips anytime, anywhere.

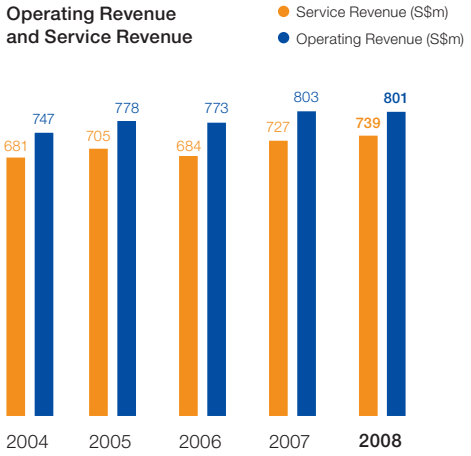
WITH M1'S NEW INITIATIVES AND THE ROLLOUT OF THE NEXT GENERATION NATIONAL BROADBAND NETWORK, WE ARE THE

NEXT GENERATION

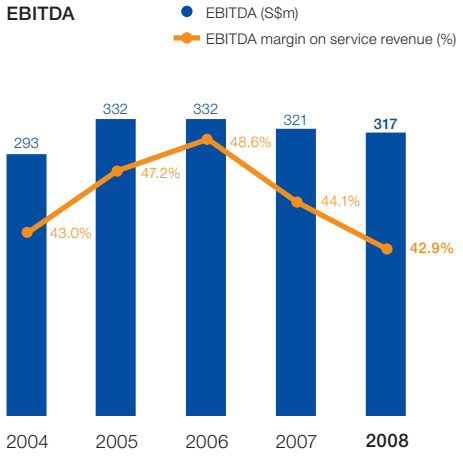
COMMUNICATIONS AND ENTERTAINMENT SERVICE PROVIDER

PERFORMANCE HIGHLIGHTS

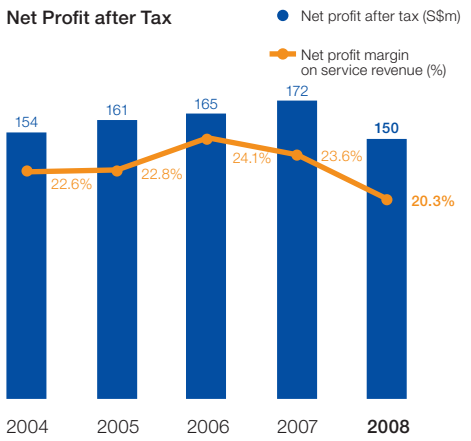
Operating Revenue and Service Revenue



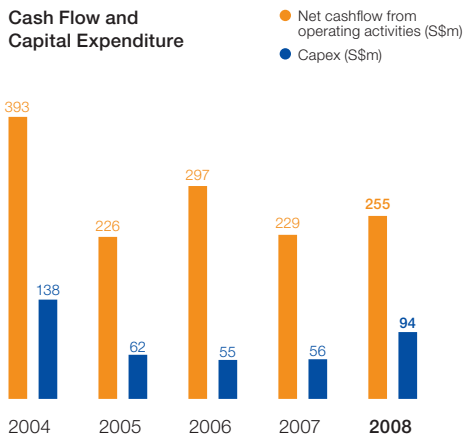
EBITDA



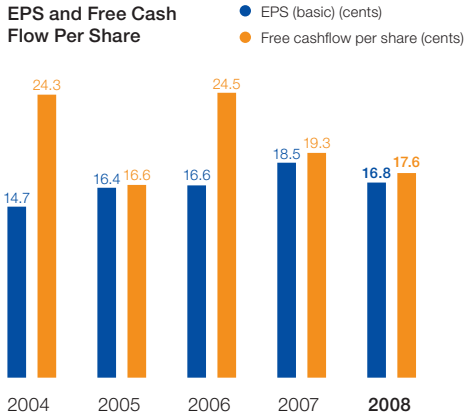
Net Profit after Tax



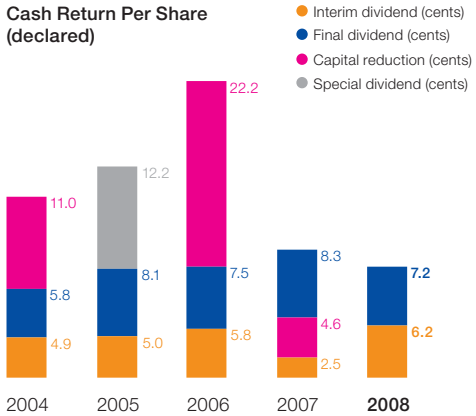
Cash Flow and Capital Expenditure



EPS and Free Cash Flow Per Share



Cash Return Per Share (declared)



Operating Revenue	2008	2007	Change (%)
Number of mobile customers ('000)			
Postpaid	883	856	3.2
Prepaid	748	679	10.1
Total	1,631	1,535	6.3
Market shares* (%)			
Postpaid	27.0	28.4	-
Prepaid	24.3	26.1	-
Overall	25.7	27.3	-
Singapore mobile penetration rate* (%)	131.0	122.5	-
Average revenue per user (ARPU, S$ per month)			
Postpaid (exclude Data plan)	63.9	65.6	(2.6)
Data plan	28.4	31.7	(10.4)
Prepaid	17.3	19.6	(11.7)
Non-voice services as % of service revenue	23.4	21.6	-
Minutes of use per active customer (MOU, minutes per month)			
Postpaid	352	361	(2.5)
Prepaid	199	175	13.7
Total international retail minutes (million)	526	310	69.6
Average monthly churn rate (%)	1.6	1.2	-
Average gross acquisition cost per gross connection (S$)	173	190	(8.9)
Average retention cost per customer (S$)	148	132	12.1

Financial Highlights	2008	2007	Change (%)
Operating revenue (S$m)	800.6	803.3	(0.3)
Mobile telecommunication services	601.4	600.1	0.2
International call services	137.1	127.1	7.9
Handset sales	62.1	76.1	(18.4)
EBITDA (S$)	316.5	320.7	(1.3)
Net profit after tax (S$)	150.1	171.8	(12.6)
Per share (cents)			
Earnings	16.8	18.5	(9.2)
Cash payout (declared)	13.4	15.4	(13.0)
Net assets	24.9	22.6	10.2
ROE (%)	70.6	58.8	-
ROCE (%)	32.8	32.2	-

** Based on IDA statistics as at December 2008*
Note: Figures may not add up due to rounding off

CHAIRMAN'S MESSAGE

In 2008, M1 achieved a net profit after tax of S$150.1 million, a decline of 12.6% over the previous year. Excluding the prior year's tax adjustments, normalised net profit after tax declined 4.5%. Operating revenue decreased by a marginal 0.3% to S$800.6 million, as growth in service revenue was offset by a decline in handset sales.

2008 turned out to be a difficult year. What started out as a subprime crisis in the US deteriorated into a global economic meltdown. Singapore, being an open economy, was not spared and our economy slipped into a technical recession in the second half of 2008. The year also saw the introduction of Full Mobile Number Portability (MNP) in a highly penetrated mobile market, which resulted in an increased level of competitive activities. As a customer-focused service provider, we ensured that we remain competitive and our customers continue to receive the best deals. As a result of higher acquisition and retention costs, M1 reported lower profitability as earnings before interest, tax, depreciation and amortisation (EBITDA) declined 1.3% to S$316.5 million, representing a margin of 42.9% on service revenue, compared to 44.1% the previous year.

Nevertheless, during the year, we grew our customer base by 96,000 to 1.63 million customers. International call revenue increased 7.9%, on the back of a healthy 70% growth in international retail traffic. The uptake of data services continued to grow steadily and contribution from non-voice services rose to 23.4% of service revenue, driven mainly by mobile data (excluding SMS) which increased to 9.5% of service revenue, compared to 7.7% a year ago.

Last year, among several new initiatives to improve our competitive edge and achieve our vision of transforming M1 from a single-play mobile operator to a dynamic multi-play operator, we completed an extensive upgrade of our High Speed Packet Access (HSPA) network to deliver higher speeds and improve customer experience. We also launched a fixed broadband service and submitted a bid to be the Operating Company to build and operate the active infrastructure layer for the Next Generation National Broadband Network (NGNBN). The introduction of the NGNBN will provide a neutral and transparent Open Access environment where M1 can compete more effectively in the fixed space as a Retail Service Provider, and offer our customers a wide range of wireless and fixed communications services.

Looking ahead, 2009 will be a challenging year. With the global economic slowdown and no sustainable recovery in sight, the Singapore economy is projected to contract between 2% and 5% for the year. The resultant rising unemployment will have a negative impact on consumer spend, placing pressure on revenues for the communications industry. In this context, M1 will leverage and build on its strong foundation, including best-in-class customer service, constant innovation and superior network performance, to position itself as the preferred quality communications service provider in both the wireless and fixed space. At the same time, we will continue our effort to optimise our cost and operational efficiency. Despite the economic outlook, in an increasingly integrated world of communications, M1 will continue to invest and to put in place the fundamentals that will enable us to adapt quickly to changes and achieve our vision of becoming a dynamic multi-play operator.

M1 continues to be committed to a sustainable dividend policy for our shareholders. In respect of 2008, the Board of Directors recommends a final dividend of 7.2 cents per share. Taken together with the interim cash distributions, this translates to a payout ratio of 80% of full-year net profit after tax for 2008.

2008 and 2009 saw a number of changes to the M1 Board. Firstly, on behalf of the Board, I would like to commend my predecessor Mr. Lim Chee Onn, who stepped down as Director and Chairman of the Board on 1 March 2009, for his exemplary leadership and significant contributions to the success of M1 over the past nine years. Under Chee Onn's leadership, M1 has consistently created outstanding value and returns for shareholders. In December 2008, Mr. Hsuan Owyang resigned as an Independent Director and Chairman of the Remuneration Committee, after more than six years of service on the M1 Board. I would like to express my appreciation to Hsuan and wish him well in his personal pursuits. I would also like to thank Mr. Ganen Sarvananthan, who stepped down from the Board in July 2008, for his service.

I am pleased to welcome Dato' Sri Jamaludin Ibrahim, Mr. Chow Kok Kee and Mr. Alan Ow Soon Sian, to the Board. I look forward to tapping their varied skills and wide-ranging experiences.

After more than twelve years as M1's Chief Executive Officer, Mr. Neil Montefiore stepped down on 1 February 2009 to pursue other personal interests. Neil has ably led M1 from its launch in April 1997, through its public listing in 2002 and to its current strong position in the communications industry. The Board and I would like to acknowledge his contributions and wish him well in his future endeavours.

With effect from 1 February 2009, M1's Chief Financial Officer Ms. Karen Kooi was appointed Acting CEO, in addition to her current duties. Having joined the Company in August 1995, Karen is a long-standing and experienced stalwart of M1, and I have full confidence in her as well as the experienced management team in continuing to work towards M1's strategic goals during this interim period. Meanwhile, the Board's Nominating Committee has commenced a search to identify the best candidate for the position of CEO.

Finally, I would like to take this opportunity to express my gratitude to our customers and shareholders for their continuing support, as well as M1's management and staff for their dedication and hard work. Together with the guidance and support of my fellow Directors, we will work towards building on M1's achievements to continue to deliver long-term value for all stakeholders.

Teo Soon Hoe
Chairman

ACTING CEO'S MESSAGE

Amidst a tough operating environment in 2008, M1 continued to drive its strategy to transform the Group from a mobile operator into a dynamic multi-play operator.

In 2008, M1's operating revenue declined marginally by 0.3% to S$800.6 million, as a 16.2% growth in prepaid revenue and 7.9% increase in international call revenue were offset by declines of 1.6% and 18.4% in postpaid revenue and handset sales respectively. The growth in prepaid revenue resulted from a larger customer base, while international revenue was driven by higher retail traffic. The fall in postpaid revenue was due to the introduction of new tariff plans targeted at improving value propositions, while handset sales declined due to lower selling prices and volume. Net profit after tax decreased to S$150.1 million, mainly due to higher acquisition and retention costs and significantly lower write-back in taxes. Cash flow from operations improved 11.1% to S$254.5 million, while free cash flow declined 8.7% to S$157.6 million as a result of higher capital expenditure. The Group's balance sheet remained healthy, as net-debt-to-EBITDA ratio improved to 0.7 time as at end-2008.

During the year, M1 added 27,000 postpaid and 69,000 prepaid customers, and continued to see good growth in mobile broadband customers. We upgraded our HSPA network to support downlink and uplink speeds of 14.4 Mbps and 5.76 Mbps respectively and improved our offerings to customers with service plans featuring upgraded speeds at attractive prices. Full MNP was introduced in June 2008 resulting in an increased level of competitive activities for several months. During this period, M1 introduced new competitive tariff plans to attract and retain customers. The new tariff plans, with features such as per second billing, Multi Line Saver scheme and unlimited calls to three M1 numbers, reflect M1's continuous efforts to ensure our customers receive the best value and stay with M1 as happy customers. Data usage continued to grow steadily during the year as the mobile broadband customer base grew with the upgraded network speeds, as well as the increasing prevalence of HSPA and smart handsets. The prepaid segment remained highly competitive. In 2008, we continued to enhance our prepaid offerings to offer more value to our customers and new features included reduced call rates to family and friends, a Top-up loyalty programme, the DuoSIM M Card, and up to 50% off on 021 IDD calls.

We continued to register good growth in the international call services segment as we made targeted promotions to drive sign-ups for IDD postpaid and prepaid plans. Apart from promotional rates to certain countries, we increased the number of free IDD countries to 19 and continued to market bundled promotions for our prepaid card and 1818 International Calling Card. These initiatives, targeted mainly at the value segment, generated higher retail traffic but also resulted in lower margins. Nonetheless, international call gross margin remained healthy at above 50%.

In 2008, M1 ventured into the fixed space with the launch of the M1 fixed broadband service which is targeted at the mid and high-end segments. This marked the start of our planned transformation into a dynamic multi-play operator offering both mobile and fixed services. The proliferation of the Internet and demand for Internet Bandwidth, as well as the impending arrival of the NGNBN, made this an opportune entry into the fixed broadband market for M1.

In terms of operating efficiency, M1 continued to be disciplined in cost management and constantly reviewed internal processes. In 2008, we completed the implementation of the 4th generation multi-platform all Internet Protocol solution on our 3G and HSPA network which improved network efficiency. The rollout of our backhaul transmission network is on schedule for completion by end-2009. When completed, it will enable M1 to carry most of the traffic between our base stations and operating centres on our own network instead of leasing circuits. We expect to see progressive cost savings in the current year and full-year cost savings from 2010 onwards.

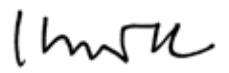
The uncertainty caused by the economic downturn is likely to remain for most of 2009. M1 will stay close to our customers and monitor the potential impact on demand for our services, and respond accordingly. We will reinforce our customer-centred initiatives and continue to build and leverage on our positive brand equity and values, to make outstanding customer service a differentiator for M1. To facilitate this, we implemented a customer experience management solution in 2008 to proactively identify customer issues in using our data services and will extend coverage to voice and SMS in 2009. While the Group is in a strong financial position to ride out this economic storm, we will be managing our operations for tougher times ahead and maintain our focus on margins and cash generation. Investment for future growth remains an on-going process and M1 will manage spending effectively to strengthen core competencies and expand into new business areas.

M1 has continued to maintain an active corporate responsibility programme by supporting a range of activities in the community. In education, M1 made a donation of $750,000 to the Sim Kee Boon Institute for Financial Economics at the Singapore Management University. The institute was set up to promote original, cutting-edge research and learning in financial economics and financial econometrics.

In the arts, we remain committed to support theatre and other art forms in Singapore and this was again anchored by the annual M1 Singapore Fringe Festival. In recognition of this, M1 was conferred the Distinguished Patron of the Arts award by the National Arts Council for the seventh consecutive year.

In the area of social philanthropy and volunteerism, M1 and its employees remained committed to engaging with and supporting various children and youth causes. M1 together with its employees and business associates were involved in several projects to raise funds for causes such as CARE (Children-at-Risk Empowerment Association), Beyond Social Services and Club Rainbow. M1 employees also devoted their time outside office hours to organise social activities that helped bring cheer to the lives of the children of these charities.

I believe that M1 has the right people with the right work ethics in place and is well-positioned to deliver long-term value to both our customers and shareholders. Our Board and employees are aligned with the strategic objectives of the Group and I look forward to everyone working together effectively as we bring M1 into the next phase of growth.



Karen Kooi
Acting CEO

OPERATING AND FINANCIAL REVIEW

COMPANY OVERVIEW

M1 is an established brand that provides mobile communications services to over 1.6 million customers in Singapore, international call services to mobile and fixed-line users, wireless broadband services to home, office and mobile users, and fixed broadband services to home users.

M1 offers a wide range of mobile voice, non-voice and value-added services on its nationwide cellular network and is widely recognised as an innovative operator. With emphasis on quality, customer service, innovation and value, M1 aims to take the lead in personal voice, and business and data communications. Customers subscribe to M1's mobile services on either a postpaid or prepaid basis from a variety of price plans. M1's wireless broadband service **M1 Mobile Broadband**, offers customers a choice of service plans at different downlink access speeds. In August 2008, M1 became a full-fledged broadband player when it introduced the **M1 Fixed Broadband** service for home users. The service can currently support downlink and uplink speeds of up to 100 Mbps and 2 Mbps respectively.

In the area of international call services, M1 offers 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. M1 also sells international wholesale minutes to other international service providers.

M1 commenced commercial operations in April 1997 with the launch of its GSM network. It subsequently rolled out a WCDMA network and began offering 3G services in February 2005. In December 2006, the 3G network was upgraded with High Speed Packet Access (HSPA) to increase network efficiency and support wireless broadband services. The 3G/HSPA network was further upgraded in 2008 and is currently capable of supporting downlink and uplink speeds of up to 14.4 Mbps and 5.76 Mbps respectively.

The Company holds a facilities-based operator (FBO) licence and a telecommunication dealer's class licence issued by the Infocomm Development Authority of Singapore (IDA), and a Media Development Authority (MDA) class licence. In April 2001, M1 also obtained an FBO licence for the provision of 3G mobile communication systems and services. Additionally, M1's wholly-owned subsidiary, M1 Net Ltd, holds a service-based operator (SBO) licence issued by the IDA and an MDA class licence.

M1 has been listed on the Singapore Exchange since December 2002.

In 2008, M1 achieved a net profit after tax of S$150.1 million, which was 12.6% lower than S$171.8 million achieved in 2007, mainly due to higher acquisition and retention costs for 2008 and tax adjustment benefits in 2007. Net profit margin on service revenue was 20.3%, down from 23.6% in 2007. Operating revenue was stable at S$800.6 million while service revenue grew 1.6% to S$738.5 million. Earnings before interest, taxes, depreciation and amortisation (EBITDA) was 1.3% lower at S$316.5 million, representing a margin of 42.9%.

As at 31 December 2008, M1 had a total of 1,631,000 mobile customers, comprising 883,000 postpaid customers and 748,000 prepaid customers. Based on market statistics published by IDA, as at 31 December 2008, M1's overall market share of the mobile customer base was 25.7%, comprising a postpaid share of 27.0% and a prepaid share of 24.3%.

MARKET DEVELOPMENTS

As at 31 December 2008, Singapore's total mobile subscriber base was 6,340,200, representing a mobile penetration rate of 131.0%, which was 8.5 percentage points higher than that a year ago.

One of the key market developments in 2008 was the introduction of Full Mobile Number Portability (MNP) in June. With Full MNP, mobile phone users can switch between telecom service providers seamlessly and retain their existing numbers. This compares to the previous call-forwarding solution where calls made to a mobile phone user's old number were forwarded to a new number, resulting in the user holding two numbers. Leading up to Full MNP, mobile operators were aggressively marketing their services to retain existing customers and attract new ones. As a customer-focused service provider, M1 spared no effort to ensure that it remained competitive and that its customers continued to receive the best deals. M1 proactively sought feedback on what customers wanted and responded with a range of value-for-money and innovative mobile price plans that catered to the needs of a diverse range of customers. As a result of these initiatives, the Company was able to retain valuable customers and at the same time attract new ones.

In line with M1's strategic plan to become a dynamic multiple-play service provider, the Company participated actively in IDA's Next Generation National Broadband Network (NGNBN) Request-For-Proposal (RFP) for both the Network Company (NetCo) and the Operating Company (OpCo). The NGNBN is part of the Singapore Government's Intelligent Nation 2015 (iN2015) masterplan to entrench Singapore as an Infocomm hub, stimulate business growth and enhance social vibrancy. The NGNBN will be capable of delivering high speed fixed broadband

OPERATING AND FINANCIAL REVIEW

symmetric access of 1Gbps or more, with an initial provisioning of 100 Mbps. M1 partnered StarHub and Qatar Investment Authority and bidded for the NetCo RFP, as part of the Infinity Consortium. Although the consortium's proposal was not chosen as the winning NetCo bid, M1's in-depth involvement in the NetCo RFP stood the Company in good stead in preparing its response to the OpCo RFP, for which M1 submitted a bid in December 2008 as a single entity. The result of the OpCo RFP is expected to be announced in the first quarter of 2009. Regardless of the tender result, the introduction of the NGNBN will provide a neutral and transparent Open Access environment where M1 can compete more effectively in the fixed space as a Retail Service Provider.

MOBILE

The postpaid mobile segment remains key to M1's business. As at 31 December 2008, M1's postpaid customers formed 54.1% of its total mobile customer base, and contributed 88.1% of its total mobile telecommunications revenue in 2008. While voice revenue constituted the majority of postpaid service revenue, M1 experienced steady growth in non-voice usage.

Contribution from non-voice services rose to 23.4% of service revenue from 21.6% in the preceding year, driven mainly by growth in the mobile broadband customer base.

As part of the Company's continuous proactive drive to provide customers with better value and to retain customers ahead of Full MNP, M1 introduced three new postpaid price plans – **SunSaver**, **SunSaver Plus** and **SunMax** in March 2008, offering enhanced benefits to customers. All three plans feature per-second billing, all-day free incoming calls, free unlimited local talktime to three M1 numbers and free IDD calls to a host of destinations for an affordable fee, among other features. To reward customers and help them save on their bills, M1 subsequently launched the Multi Line Saver Scheme which entitles customers with three, four or five M1 lines (on selected price plans) to 25%, 30%, and 35% discount off their monthly subscription fees respectively. In April 2008, M1 launched its ***"You Deserve Better"*** campaign to encourage customers to give feedback on mobile-related issues and their preferences, in order to serve them better. This initiative resulted in the launch of two new price plans – the **M1 SunShare Plan** and the **M1 DIY Plan**. The former is a supplementary plan that allows customers to add up to four lines to a main line, with both main and supplementary lines sharing SMS/MMS and talktime bundles, and enjoying unlimited outgoing talktime within the group of lines. The latter gives customers the flexibility to design their own mobile plan to suit their needs. In addition, M1's existing **Talk All U Can Plan** was enhanced to give customers more value and benefits. Similarly, for the corporate segment, M1 introduced several new initiatives and price plans to improve its value proposition and build deeper relationships with its corporate customers.

To encourage data usage, M1 launched two plans for customers to enjoy unlimited data roaming on the Celcom network in Malaysia and the Smartone Vodafone network in Hong Kong for three months between September and December 2008. One of these plans also enabled customers to enjoy very low data roaming rates in over 40 countries in Asia-Pacific and Europe.

Take-up for **M1 Mobile Broadband** gained traction in the year, riding on attractively-priced plans that catered to the needs of a diverse range of customers and the upgrade of M1's HSPA network. During the year, M1 offered two new competitive mobile broadband plans supporting downlink and uplink speeds of up to 7.2 Mbps and 2 Mbps respectively.

Amid stiff market competition, M1's prepaid customer base grew 10.1% over the previous year to 748,000. During the year, the Company under took several initiatives to enhance its prepaid price plans and to provide superior value to customers. These included giving more bundled local and IDD talktime, incentivising and rewarding customers who topped up their M Cards with higher value and roadshow promotions targeted at various foreign ethnic communities. In addition, M1 launched a prepaid value-added service, **M Card Family & Friends**, which gives bundled local talktime to three pre-selected local fixed or mobile numbers belonging to M1 or other local operators for a very low monthly subscription fee.

PRODUCTS AND SERVICES

In 2008, M1 launched numerous innovative and exciting services, including:

- **MiWorld GO, M1 Jukebox:** These services give customers unlimited streaming and downloading of songs on their mobile phones from an extensive collection of titles of different genres, leveraging on smarter devices and faster network speeds.
- **M1 DataSave:** With this service, M1 helps safeguard customers' contacts, text messages and pictures so that customers do not have to worry about losing their data should they lose their phones.
- **Videomail:** With Videomail, callers can leave video messages for M1 customers when they are not contactable through video calls. A first in Singapore, this simple and convenient service provides customers with an affordable and novel means to stay in touch with family and friends wherever they are.
- **M1 Fixed Broadband:** Launched in August, M1 Fixed Broadband offers customers access to broadband services in their residences with downlink and uplink speeds of up to 100 Mbps and 2 Mbps respectively. Available in four plans with unlimited usage per plan, this service offers customers a variety of speeds depending on individual needs.

OPERATING AND FINANCIAL REVIEW

- **M1 DuoSIM:** Another first-in-Singapore service, M1 DuoSIM offers customers the convenience of seamless dual-SIM access in a single handset, and is available on the postpaid plan or as a prepaid card. M1 DuoSIM is useful to customers who need to subscribe to multiple lines but wish to separate personal and business calls by switching between lines instead of carrying two handsets. It also benefits inbound roamers who want a local number without having to swap SIM cards or carry multiple devices.

- **Lonely Planet M-Site:** This joint service with Lonely Planet provides M1 customers exclusive real-time access to Lonely Planet's rich library of travel content through Lonely Planet's mobile Internet site (m-site) hosted on M1's mobile portal MiWorld Mobile. This is a continual effort by M1 to further expand the diverse range of information and entertainment already available to customers on MiWorld Mobile.

- **KidSAFE:** A first such service worldwide, KidSAFE aims to address parents' concerns for safe and secure usage of mobile phones by their children. This service allows parents to define and manage the authorised senders/ recipients of calls and text messages to and from their child's mobile phone, and blocks unauthorised usage.

- **M1 MobileCam:** This is an easy-to-use and affordable home surveillance mobile service to help consumers monitor their homes remotely via 3G video calls from their mobile phones. It comprises a compact portable wireless mobile camera device inserted with a MobileCam SIM card. The registered MobileCam user and his/her list of authorised viewers (including non-M1 customers) can make video calls to the MobileCam for real-time viewing.

In August 2008, M1 partnered the national broadcaster MediaCorp, SingTel and StarHub to jointly conduct a consumer mobile TV trial using Digital Video Broadcasting – Handheld (DVB-H) technology, to deliver broadcast services to mobile devices. Customers from the three mobile operators were invited to participate in the trial, which lasted till October 2008. As part of the trial, participants were able to view six dedicated channels and enjoy a variety of television programmes across different genres, including comprehensive coverage of the Beijing Summer Olympic Games. The trial provided M1 with the opportunity to better understand consumer preferences and behaviour regarding mobile TV.

BRANDING

***"You Deserve Better"* – A Brand That Truly Listens**

With *"You Deserve Better"* as the main theme for the year, M1 set out to listen to what customers want and to fulfill their needs. This initiative involved two phases – Firstly, surveying, listening and gathering feedback and ideas from customers, and secondly, delivering on their feedback and suggestions. The outcome of this successful campaign was the introduction of several new and innovative price plans that are well-tailored to customers' needs.

M1 has always been regarded as a challenger brand, from breaking the monopoly of the incumbent in earlier days to providing class-leading customer service, innovative products and services and price plans with exceptional value. The Company's promise to customers is that it will continue to be a brand that truly listens to them, fulfills their needs and exceeds their expectations.

CUSTOMER SERVICE

Customer service continues to be one of M1's key differentiators and the Company strongly believes that its strength in this attribute is even more critical in the increasingly competitive business environment. For M1, all customers are important and the Company does its utmost best to reach out and listen to them and responds to their needs in ways that exceed their expectations. M1 wants its customers to know that it truly listens and cares.

NETWORK

M1 initiated a major enhancement to its 3G and HSPA networks in 2008, upgrading all base stations to the latest fourth generation IP infrastructure in preparation for the advent of HSPA Evolution and LTE (Long Term Evolution) architecture. The enhancement was completed in the third quarter of the year and M1 was the first cellular mobile operator in Asia to commercially offer a wireless broadband service at downlink and uplink throughput speeds of up to 14.4 Mbps and 5.76 Mbps respectively. The Company also continued its cellular backhaul self-provision programme and enhancement of international connectivity, in addition to numerous cost-saving initiatives.

RETAIL DISTRIBUTION

M1 has an island-wide 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. As at 31 December 2008, M1 operated a total of 13 M1 Shop outlets. In addition, M1 runs an e-shop, which sells mobile phones and accessories online.

OPERATING AND FINANCIAL REVIEW

Financial Review

OPERATING REVENUE

Operating Revenue	Year Ended 31 Dec 2008 (S$m)	2007 (S$m)	YoY Change
Mobile telecommunications services	601.4	600.1	0.2%
International call services	137.1	127.1	7.9%
Total service revenue	**738.5**	**727.2**	**1.6%**
Handset sales	62.1	76.1	-18.4%
Total	**800.6**	**803.3**	**-0.3%**

For 2008, M1's operating revenue remained stable at S$800.6m, with higher service revenue being offset by lower handset sales. Service revenue increased 1.6% to S$738.5m mainly due to higher international call revenue. International call revenue increased 7.9% to S$137.1m, driven by higher retail traffic. Handset sales decreased 18.4% as a result of lower volume and lower average selling price per unit.

MOBILE COMMUNICATION

Mobile telecommunications revenue	Year Ended 31 Dec 2008 (S$m)	2007 (S$m)	YoY Change
Postpaid	529.8	538.5	-1.6%
Prepaid	71.6	61.6	16.2%
Total	**601.4**	**600.1**	**0.2%**

Average revenue per user (ARPU, S$ per month)

Postpaid* (exclude Data plan)	S$63.9	S$65.6	-2.6%
Data plan	S$28.4	S$31.7	-10.4%
Prepaid*	S$17.3	S$19.6	-11.7%
Non-voice services as % of service revenue	23.4%	21.6%	-

** Re-stated to include certain revenue previously omitted.*

Mobile telecommunications revenue remained stable at S$601.4m. Postpaid revenue decreased 1.6% mainly due to competitive offerings. Pre-paid revenue grew 16.2% to S$71.6m for the year, driven primarily by growth from an enlarged customer base.

With the introduction of full mobile number portability (MNP) in June 2008, the mobile telecommunications market saw an increased level of competitive activities during the year. Postpaid ARPU declined 2.6% to S$63.9 due to an increased take-up of new competitive tariff plans offered, while prepaid ARPU declined 11.7% to S$17.3 as a result of larger bundled plans and lower value-cards introduced during the year.

With wider adoption of mass-market data plans across a larger customer base and new competitive offerings, data plan ARPU decreased 10.4% to S$28.4. Nevertheless, non-voice services as a percentage of service revenue increased 1.8% points to 23.4%, due to growth in the broadband customer base.

INTERNATIONAL CALL SERVICES

International call service revenue	Year Ended 31 Dec 2008 (S$m)	2007 (S$m)	YoY Change
Retail	124.0	111.6	11.1%
Wholesale & bilateral revenue	13.1	15.5	-15.5%
Total	**137.1**	**127.1**	**7.9%**
Total international retail minutes (in millions)	526	310	69.6%

International revenue increased 7.9% to S$137.1m, as retail traffic minutes grew 69.6%. During the year, we continued to drive sign ups for IDD postpaid and prepaid plans, as well as increased the number of free IDD countries. There were also bundled promotions for our prepaid cards and 1818 International Calling Card.

HANDSET SALES

Handset sales were 18.4% lower at S$62.1m for the year due to lower volume of handsets sold and lower average unit selling price.

OPERATING EXPENSES

	Year Ended 31 Dec 2008 (S$m)	2007 (S$m)	YoY Change
Cost of sales	300.7	296.4	1.5%
Staff costs	85.9	91.7	-6.3%
Advertising & promotion	20.2	19.3	4.7%
Depreciation & amortisation	123.9	116.7	6.2%
Provision for bad & doubtful debt	16.9	19.0	-11.1%
Facilities expenses	38.7	38.1	1.6%
Other general & administrative expenses	22.6	21.0	7.6%
Total	**608.9**	**602.2**	**1.1%**

Operating expenses increased 1.1% to S$608.9m mainly due to higher depreciation and amortisation expenses and cost of sales, but were partially offset by lower staff costs.

COST OF SALES

	Year Ended 31 Dec 2008 (S$m)	2007 (S$m)	YoY Change
Handset costs	127.7	133.2	-4.1%
Traffic expenses	52.4	48.7	7.6%
Leased circuit costs	39.5	41.5	-4.8%
Other costs	81.1	73.0	11.1%
Total	**300.7**	**296.4**	**1.5%**

OPERATING AND FINANCIAL REVIEW

COST OF SALES (continued)

Cost of sales increased 1.5% to S$300.7m, mainly due to higher acquisition and retention costs incurred to acquire and retain customers during the period of increased competitive activities in the second and third quarters of 2008.

STAFF COSTS

Staff costs fell 6.3% to S$85.9m mainly due to lower bonus payment.

ADVERTISING & PROMOTION EXPENSES

Advertising and promotion expenses increased 4.7% to S$20.2m, as a result of the new brand campaign in the run up to full MNP in the second quarter of 2008.

DEPRECIATION & AMORTISATION

Depreciation and amortisation expenses were 6.2% higher at S$123.9m due to the higher asset base.

PROVISION FOR BAD & DOUBTFUL DEBT

Provision for bad and doubtful debt expense decreased 11.1% to S$16.9m mainly due to the write-back of overprovision.

FACILITIES EXPENSES

Facilities expenses increased 1.6% to S$38.7m.

OTHER GENERAL AND ADMINISTRATIVE EXPENSES

Other general and administrative expenses increased 7.6% to S$22.7m, mainly due to expenses incurred for new initiatives to support future revenue growth.

FINANCE COSTS

Finance costs decreased 20.0% to S$7.6m due to lower interest rates.

TAXATION

Provision for taxation increased 53.7% to S$34.9m, as 2007 benefited from tax adjustments for the reduction in corporate tax rate and overprovision in prior years.

NET PROFIT

	Year Ended 31 Dec		
	2008 (S$m)	2007 (S$m)	YoY Change
Net profit	150.1	171.8	-12.6%
Net profit margin (on service revenue) (%)	20.3	23.6	-
Excluding Tax Adjustment			
Net profit	150.1	157.2	-4.5%
Net profit margin (on service revenue) (%)	20.3	21.6	-

Net profit was 12.6% lower at S$150.1m mainly due to higher acquisition and retention costs and as 2007 benefited from tax adjustments.

Net profit margin was 20.3% for the year.

Excluding the tax adjustments, net profit for the year fell 4.5% and net profit margin decreased by 1.3% points compared to 2007.

EBITDA

	Year Ended 31 Dec		
	2008 (S$m)	2007 (S$m)	YoY Change
EBITDA	316.5	320.7	-1.3%
EBITDA margin (on service revenue) (%)	42.9%	44.1%	-

EBITDA decreased by 1.3% to S$316.5m. As a result corresponding EBITDA margin as a percentage of service revenue declined 1.2% points to 42.9% for the year, compared to 44.1% for 2007.

CAPITAL EXPENDITURE AND COMMITMENTS

Capital expenditure incurred in 2008 was S$94.1m, compared to S$56.3m for 2007, mainly due to the completion of our 3G/HSPA network upgrade and rollout of the backhaul transmission network.

Capital commitment as at 31 Dec 08 was S$17.1m.

LIQUIDITY AND CAPITAL RESOURCES

	Year Ended 31 Dec		
	2008 (S$m)	2007 (S$m)	YoY Change
Profit before tax	185.0	194.5	-4.9%
Non-cash item and net interest expense adjustments	77.9	30.8	152.9%
Net change in working capital	(8.4)	3.8	@
Net cash provided by operating activities	254.5	229.0	11.1%
Net cash used in investing activities	(96.8)	(56.3)	71.9%
Net cash used in financing activities	(163.0)	(318.2)	-48.8%
Net change in cash and cash equivalents	(5.3)	(145.5)	-96.4%
Cash and cash equivalents at beginning of financial period	23.1	168.6	-86.3%
Cash and cash equivalents at end of financial period	17.8	23.1	-22.9%
Free cash flow[1]	157.6	172.7	-8.7%

@ denotes more than +/- 300%

[1] Free cash flow refers to net cash flow from operating activities less current year capital expenditure

Operating cash flow increased 11.1% to S$254.5m, due mainly to lower tax payment.

Free cash flow decreased 8.7% to S$157.6m for the year.

FINANCIAL LEVERAGE

As at 31 December 2008, M1's net-debt-to-equity ratio was 104.0% compared to 129.7% a year ago, mainly due to repayment of term loans. Interest coverage ratio (EBITDA / Interest) improved from 33.9x in 2007 to 41.8x in 2008, mainly due to lower finance cost.

BOARD OF DIRECTORS

TEO SOON HOE, 59
CHAIRMAN

Mr. Teo was appointed to M1's Board of Directors on 7 May 1996. He is Senior Executive Director and Group Finance 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, k1 Ventures Limited and Singapore Petroleum Company Limited. He is a member of the Wharton Society of Fellows, University of Pennsylvania.

ROGER BARLOW, 59

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 SE Asia.

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 was also 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.

DATO' SRI JAMALUDIN IBRAHIM, 49

Dato' Sri Jamaludin Ibrahim was appointed to M1's Board of Directors on 21 August 2008. Dato' Sri Jamaludin Ibrahim is the Managing Director/President and Group Chief Executive Officer of TM International Berhad (TMI). Prior to his appointment at TMI, Dato' Sri Jamaludin Ibrahim was the Group Chief Executive Officer of Maxis. Dato' Sri 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, Dato' Sri Jamaludin Ibrahim spent 16 years in the IT industry. He was the Managing Director and Chief Executive Officer of Digital Equipment (M) Sdn Bhd from 1993 to 1997. Before that, he was with IBM Malaysia from 1981 to 1993.

Dato' Sri Jamaludin Ibrahim graduated in 1978 from California State University, United States, with a Bachelor of Science in Business Administration and a minor in Mathematics. He obtained his Masters of Business Administration from Portland State University, Oregon, United States, in 1980, specialising in Quantitative Methods. Dato' Sri Jamaludin Ibrahim is Chairman of Celcom Bhd and a Board Member of TMI and PT Excelcomindo Pratama Tbk (XL) in Indonesia. He sits on the boards of Universiti Tun Hussein Onn Malaysia and Universiti Tun Abdul Razak Sdn Bhd. He had previously served as a board member of the Bridge Mobile Alliance, World GSM Association, Malaysia Venture Capital Management Berhad and HeiTech Padu Berhad.

LOW HUAN PING, 52

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.

Previously, Mr. Low was Chief Executive Officer of SPH AsiaOne Ltd, a subsidiary of Singapore Press Holdings Limited; Chairman of CyberWay Pte Ltd; and a board member of Singapore Cable Vision Limited. Prior to that, Mr. Low worked at the Ministry of Defence and headed various IT departments and division units.

BOARD OF DIRECTORS

REGGIE THEIN, 67

On 8 November 2002, Mr. Thein was appointed to M1's Board of Directors. He is currently also a Director and Audit Committee Chairman of several listed companies in Singapore, among them Haw Par Corporation Limited and GuocoLeisure Limited (formerly known as BIL International Limited).

Mr. Thein is a member of the Governing Council 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.

THIO SU MIEN, 70

Dr. Thio was appointed to M1's Board of Directors on 8 November 2002.

Dr. Thio is an Advocate and Solicitor of the Supreme Court of Singapore and is currently a Senior Executive Director of TSMP Law Corporation and a director of Allens Arthur Robinson TSMP.

Previously Dean of the Faculty of Law at the University of Singapore, Dr. Thio has held various positions in professional bodies and institutions, and sat on the Board of subsidiaries of multinational corporations in Singapore and has served as director on the Board of several listed companies. She has served on the Board of Legal Education; chaired one of the Disciplinary Committees set up by the Chief Justice; was an Accredited Arbitrator at the Singapore International Arbitration Centre, as well as served as Judge and Senior Vice-President of the World Bank Administrative Tribunal; and as a member of the Asian Development Bank Administrative Tribunal.

PATRICK YEOH KHWAI HOH, 70

First appointed to M1's Board of Directors on 8 November 2002, Mr. Yeoh also holds directorships at other companies, including Oversea-Chinese Banking Corporation Limited and Accuron Technologies Ltd (formerly known as Accuron Technologies Pte Ltd). He is also an Advisor to Nuri Holdings (S) Pte Ltd.

His previous posts include various positions at Development Bank of Singapore Ltd, including President and Director.

In 1999, Mr. Yeoh was awarded the Public Service Star by the President of Singapore.

DATO' YUSOF ANNUAR YAACOB, 43

Dato' Yusof Annuar bin Yaacob was appointed to M1's Board of Directors on 16 November 2005. Currently he is the Group Chief Financial Officer of TM International Berhad and sits on the various Boards within the Group of TMI. He is also the Board Director for OCB Berhad.

Dato' Yusof is Chartered Accountant by profession. He has had investment banking, corporate management and telecommunication experience throughout his career. His investment-banking career included stints at S.G. Warburg & Co (now known as UBS) and ING Barings Securities.

BOARD OF DIRECTORS

ALAN OW SOON SIAN, 62

Mr. Ow was appointed to M1's Board of Directors on 16 February 2009. He is a Consultant with KhattarWong Partnership, 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).

CHOW KOK KEE, 57

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, United Kingdom. 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 the 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.

LIM CHEE ONN, 64
CHAIRMAN
(resigned with effect from 1 March 2009)

Appointed to M1's Board of Directors on 1 November 1999, Mr. Lim is also Chairman of Keppel Corporation Limited, Keppel Land Limited, Singapore-Suzhou Township Development Pte Ltd, and Singapore Tianjin Eco-city Investment Holdings Pte Ltd and a Board Member of the Monetary Authority of Singapore, k1 Ventures Limited, and Business China. Mr. Lim is also the Honorary Chairman of the National Heritage Board, Chairman, Advisory Board, Harvard Singapore Foundation and Alternate Member, Council of Presidential Advisors.

Mr. Lim was in the Civil Service until he was elected as Member of Parliament (MP) for Bukit Merah in July 1977. He was Secretary-General, National Trades Union Congress from May 1979 to June 1983 and concurrently Minister without Portfolio, Prime Minister's Office from September 1980 to July 1983, and remained as MP for Marine Parade GRC from September 1991 to December 1992.

In addition, Mr. Lim is Deputy Chairman, of the Seoul International Business Advisory Council. He is Economic Advisor to Jiangsu Provincial Government, PRC, and Consultant to the People's Government of Yunnan Province, PRC. He is a member of the INSEAD Singapore International Council, Member, Board of Trustees, Asia Business Council, Member of the Board of Trustees, The Conference Board; and Counsellor, The Conference Board's Global Advisory Council on Economic Issues. Mr. Lim is also Chairman, Advisory Board, SKB Institute of Financial Economics, Singapore Management University.

Conferred Distinguished Service Order by HE President, Republic of Singapore, and Commander, Order of the Crown, by HM King Albert II, Kingdom of Belgium.

NEIL MONTEFIORE, 56
CHIEF EXECUTIVE OFFICER
(resigned with effect from 1 February 2009)

Neil Montefiore was appointed Chief Executive Officer of M1 effective from 1 April 1996.

Prior to his current appointment, Mr. Montefiore was the Director, Mobile Services at Hongkong Telecom CSL Limited, the largest cellular operator in Hong Kong.

A chartered engineer, Mr. Montefiore joined The Cable and Wireless group in 1976 and held various marketing and engineering management positions in Hong Kong, Bahrain, Saudi Arabia and the United Kingdom until 1983. In 1983, he joined Cable and Wireless Systems Ltd in Hong Kong and was appointed as Chief Executive in 1987.

In 1989, he moved to UK as Managing Director of Paknet Ltd, a joint venture owned by Cable and Wireless PLC and Vodafone PLC which developed and launched the world's first public packet radio data network. Mr. Montefiore returned to Hong Kong in 1991 as Managing Director of Chevalier (Telepoint) Ltd until 1995.

He is a Fellow of the Institution of Engineering and Technology and a Fellow of the Chartered Institute of Marketing (CIM).

SENIOR MANAGEMENT

left to right: Karen Kooi, Patrick Michael Scodeller

left to right: Poopalasingam Subramaniam, Lee Kok Chew

left to right: Terence Teo Hoon Beng, Gan Peck Yeow, Lim Sock Leng

left to right: Chua Swee Kiat, Chan Weng Keong, Lina Lee

SENIOR MANAGEMENT

KAREN KOOI LEE WAH
ACTING CHIEF EXECUTIVE OFFICER/ CHIEF FINANCIAL OFFICER

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 with large public listed companies, namely Singapore Press Holdings Limited, City Developments Limited and Hai Sun Hup Group Limited. She has over 20 years of experience in finance, covering treasury management, acquisition, business analysis, risk management, tax planning and credit control.

Ms. Kooi is a Fellow of the Chartered Association of Certified Accountants (United Kingdom) and holds a Master of Business Administration degree in Investment and Finance (Distinction) from the University of Hull in the United Kingdom.

In addition to her duties as the Chief Financial Officer, Ms. Kooi is also the Acting Chief Executive Officer of M1 with effect from 1 February 2009.

PATRICK MICHAEL SCODELLER
CHIEF TECHNICAL OFFICER

Mr. Scodeller joined M1 in 1995. He is responsible for the planning, operations and maintenance of the cellular 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 28 years of experience in the telecommunications industry, including various positions held with Cable and Wireless plc in the United Kingdom, Hong Kong (with Hong Kong Telecom CSL Limited) and Malaysia. Mr. Scodeller is an Incorporated Engineer and a member of the Institution of Engineering and Technology. He holds a National Diploma in Telecommunications from Telkom College, Republic of South Africa.

LINA LEE
CHIEF INFORMATION OFFICER

Ms. Lee joined M1 in 1996. She is responsible for the development and operation of M1's information technology infrastructure and business systems, including systems that support billing, customer care, call centers, marketing and enterprise resource planning. Ms. Lee was a member of the senior management team responsible for the planning, development and launch of M1's commercial operations. Prior to joining M1, she worked for Singapore Telecommunications Limited between 1975 and 1995. Ms. Lee has over 25 years of experience in information technology. She holds a Bachelor of Electrical Engineering (Honours) degree from the University of Malaya and a Master of Science degree in Industrial Engineering from the University of Singapore.

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.

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.

LEE KOK CHEW
DIRECTOR, BUSINESS DEVELOPMENT & STRATEGIC PLANNING

Mr. Lee joined M1 in August 2007. Mr. Lee was 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.

LIM SOCK LENG
DIRECTOR, 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 holds a Bachelor of Arts (Honours) degree from the University of Tasmania, Australia.

GAN PECK YEOW
DIRECTOR, HUMAN RESOURCES

Ms. Gan joined M1 in November 1995 and was appointed Director, Human Resource in October 2008. Prior to joining M1, she was with the Human Resource Department of SingTel Mobile, a subsidiary of the SingTel Group, Singapore Telecommunications Limited and the Singapore Bus Service. Ms. Gan holds a Bachelor of Arts (Honours) degree from the National University of Singapore and a Master of Business Administration degree from the University of Warwick, United Kingdom. She has also a post-graduate Diploma in Human Resource from the Singapore Institute of Management.

CHUA SWEE KIAT
GENERAL MANAGER, CORPORATE COMMUNICATIONS

Mr. Chua joined M1 in September 1997. Prior to joining M1, he spent two years as the Managing Partner of a franchised business. Between 1984 and 1995, he held various corporate and marketing communications positions with Shell Eastern Petroleum, including Marketing Communications Manager and Head of Media and Information Services. Mr. Chua holds a Masters degree in Public Relations from the University of Stirling, United Kingdom.

CHAN WENG KEONG
GENERAL MANAGER, 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 Overseas Chinese Banking Corporation. 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 United Kingdom.

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

M1 AND THE COMMUNITY

The arts, education, sports and charitable causes remained the focus of M1's corporate responsibility programme in 2008. These important sectors of Singaporean society deserve support from all corporate citizens and in stepping forward, M1 believes it can play a meaningful and purposeful role in helping to improve and nurture the overall quality of life of the nation.

The year started with the fourth season of the M1 Singapore Fringe Festival organised by The Necessary Stage (TNS). This established arts event continued to draw audiences with its eclectic and attractive programme mix of local and foreign acts. M1's long-term support of the arts in partnership with TNS and the Singapore Repertory Theatre, another leading theatre group, led to it being conferred the Distinguished Patron of the Arts award for the seventh consecutive year.

While M1 has been sponsoring various study awards at several tertiary institutions for a number of years, 2008 saw the company making a significant contribution to education in Singapore with a donation of $750,000 to the Sim Kee Boon Institute for Financial Economics at the Singapore Management University. The institute was set up to promote original, cutting-edge research and education in financial economics and financial econometrics and named after the late Mr. Sim to commemorate his achievements as one of the pioneers in the economic development of Singapore.

The M1 Asia Challenge, an "intelligent sporting" event for the corporate community was sponsored by M1 for the second year running. Some 30 teams from the banking, manufacturing and other industries in Singapore competed for top honours on the Indonesian resort island of Bintan. As in the previous year, a portion of the proceeds from the participation fees was donated to the Fairy Godparent Programme, a home tuition scheme for children of current and former prison inmates.

M1, working with Singapore Rugby Union, continued to popularise the sport in schools through the M1 Schools Rugby Series. Children in selected primary, secondary and post secondary schools had ample opportunities to enjoy playing the game in year-long competitions for different age groups.

Various charities and causes were again beneficiaries of the annual fund-raising activities such as a golf tournament and staff carnival organised by M1. Proceeds from these fundraisers went towards meeting the educational needs and social support programmes of the children and young adults of CARE (Children-at-Risk Empowerment Association), Beyond Social Services and Club Rainbow. Similarly, inmates of the Kaki Bukit Prison School benefited from an incentive scheme funded by M1 to recognise and reward their performances in national school examinations.

As always, M1 employees complemented the corporate effort by investing their personal time and passion to bring cheer to the children during special and festive occasions. Led by the SunCare Club, a group of caring volunteers, they organised interesting and fun activities throughout the year.

M1 Charity Carnival

M1 Charity Golf

Year-end Celebration by SunCare Club

M1's long-term support of the arts in partnership with TNS and the Singapore Repertory Theatre, another leading theatre group, led to it being conferred the Distinguished Patron of the Arts award for the seventh consecutive year.

INVESTOR RELATIONS

M1 cultivates long-term relationships with all its stakeholders through active two-way open communication, and is committed to providing the investment community, shareholders and other interested parties with timely, relevant, clear and accurate information with which to form an informed opinion of the Company.

In line with the above approach, M1 released quarterly, interim and full-year results for FY2008 to the public within one month of period end. All materials relating to M1's results including presentation slides were made available immediately on its corporate website, after mandatory posting with the Singapore Exchange (SGX). Presentations, followed by question and answer sessions for analysts and the media were held jointly on the same day of every results announcement, including an in-person briefing conducted at a centrally located venue for the full-year results. Audio webcasts of these events were also made available on M1's website.

As at 2 March 2009, the free float^ of M1 shares was 36.4%, with the majority of shares continued to be held by institutional investors across Asia, UK and USA. As such, M1's senior management participates actively in roadshows to these regions. In 2008, M1 undertook two roadshows to UK, USA and Hong Kong, as well as one roadshow to Tokyo to engage a growing segment of potential investors from Japan. Locally, M1 participated in two regional investor conferences. In addition, senior management and the Investor Relations team allocate time for one-on-one meetings with analysts and investment professionals to discuss the Company's performance and outlook, as well as address issues that may be raised.

Through the Investor Relations team, M1 proactively responded to enquiries from shareholders, analysts and other interested parties through various channels. Queries via email can be posted to the Investor Relations email address, **ir@m1.com.sg**. M1's Investor Relations team also hosted regular conference calls to address clarifications sought by analysts as well as current and potential investors. Shareholders and members of the financial community are encouraged to access M1's corporate website at **www.m1.com.sg** for the latest updates.

The Annual General Meeting (AGM) is a valuable platform for shareholders to engage in open dialogue with Board members and key members of the senior management team. In this regard, M1 continues to hold its AGMs at a central and accessible location convenient to shareholders. In addition, all Board members and key members of the senior management team make their best effort to attend each AGM to interact with shareholders. M1's sixth AGM, held on 8 April 2008 at The Meritus Mandarin, was well attended by shareholders.

M1 is committed to creating long-term value for its shareholders. In line with this approach, M1 pursues a sustainable dividend policy and strives to return excess cash to shareholders in the absence of value-enhancing opportunities. In general, capital returns are determined in accordance with the need to balance the Company's operational requirements with the flexibility to pursue strategic business opportunities for future growth, as well as consideration of the economic climate.

For the past five years, M1 has guided and maintained a dividend policy of paying out a fixed percentage of net profit after tax. In FY2008, M1 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 FY2008 amounted to 13.4 cents per share, as compared to 15.4 cents per share for FY2007.

Date	Event / Announcement
16 January 2009	Release of FY2008 full-year results
7 April 2009	Annual General Meeting
April / May 2009*	Payment of FY2008 final dividends (subject to shareholders' approval at AGM)
April 2009*	Release of FY2009 first-quarter results
July 2009*	Release of FY2009 half-year results
September 2009*	Payment of FY2009 interim dividends (if applicable)
October 2009*	Release of FY2009 third-quarter results

In FY2008, we continued to distribute 80% of net profit after tax, a payout ratio that has been maintained since FY2005.

^ *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)*

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

CORPORATE GOVERNANCE

MobileOne Ltd 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 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 ten Directors, all of whom are non-executive and six 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 54 to 59 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 and Board committee members are set out below:

Name	Status	Board	Nominating Committee	Remuneration Committee	Audit Committee
Non-executive					
Lim Chee Onn[1]	N	Chairman (until 01/03/09)	-	-	-
Teo Soon Hoe	N	Chairman (effective 01/03/09)	-	Member	-
Roger Barlow	I	Member	-	Chairman (effective 16/01/09)	-
Dato' Sri Jamaludin Ibrahim[2]	N	Member	-	-	-
Low Huan Ping	N	Member	-	Member	-
Hsuan Owyang[3]	I	Member	-	Chairman (until 31/12/08)	-
Ganen Sarvananthan[4]	N	Member	-	-	-
Reggie Thein	I	Member	Member	-	Chairman
Thio Su Mein	I	Member	Chairmain	-	Member
Patrick Yeoh Khwai Hoh	I	Member	Member	-	Member
Dato' Yusof Annuar Yaacob	N	Member	-	-	-
Chow Kok Kee[5]	I	Member	-	Member (effective 16/02/09)	-
Alan Ow Soon Sian[6]	I	Member	-	-	Member (effective 16/02/09)

[1] Mr. Lim Chee Onn resigned as a Director of the Company and as Chairman with effect from 1 March 2009
[2] Dato' Sri Jamaludin Ibrahim was appointed as a Director of the Company with effect from 21 August 2008
[3] Mr. Hsuan Owyang resigned as a Director of the Company with effect from 31 Decemeber 2008
[4] Mr. Ganen Sarvananthan resigned as a Director of the Company with effect from 24 July 2008
[5] Mr. Chow Kok Kee was appointed as a Director of the Company with effect from 16 February 2009
[6] Mr. Alan Ow Soon Sian was appointed as a Director of the Company with effect from 16 February 2009

N : Non-independent
I : Independent

Name	Status	Board	Nominating Committee	Remuneration Committee	Audit Committee
Executive					
Neil Montefiore[7]	N	Member (until 01/02/09)	-	-	-

[7] Mr. Neil Montefiore resigned as a Director of the Company with effect from 1 February 2009

N : Non-independent I : Independent

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

Name	Age	Position	Date of Initial Appointment	Date of Last Re-election
Lim Chee Onn[1]	64	Chairman & Director	01.11.1999	03.04.2007
Teo Soon Hoe	59	Chairman (effective 01/03/09) & Director	07.05.1996	08.04.2008
Neil Montefiore[2]	56	Executive Director	08.11.2002	03.04.2007
Roger Barlow	59	Director	22.05.2002	03.04.2007
Dato' Sri Jamaludin Ibrahim[3]	49	Director	21.08.2008	-
Low Huan Ping	52	Director	01.09.1994	03.04.2007
Hsuan Owyang[4]	80	Director	08.11.2002	08.04.2008
Ganen Sarvananthan[5]	34	Director	16.11.2005	08.04.2008
Reggie Thein	67	Director	08.11.2002	08.04.2008
Thio Su Mein	70	Director	08.11.2002	28.03.2006
Patrick Yeoh Khwai Hoh	70	Director	08.11.2002	08.04.2008
Dato' Yusof Annuar Yaacob	43	Director	16.11.2005	28.03.2006
Chow Kok Kee[6]	57	Director	16.02.2009	-
Alan Ow Soon Sian[7]	62	Director	16.02.2009	-

[1] Mr. Lim Chee Onn resigned as a Director of the Company and as Chairman with effect from 1 March 2009
[2] Mr. Neil Montefiore resigned as a Director of the Company with effect from 1 February 2009
[3] Dato' Sri Jamaludin Ibrahim was appointed as a Director of the Company with effect from 21 August 2008
[4] Mr. Hsuan Owyang resigned as a Director of the Company with effect from 31 Decemeber 2008
[5] Mr. Ganen Sarvananthan resigned as a Director of the Company with effect from 24 July 2008
[6] Mr. Chow Kok Kee was appointed as a Director of the Company with effect from 16 February 2009
[7] Mr. Alan Ow Soon Sian was appointed as a Director of the Company with effect from 16 February 2009

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 papers containing relevant background or explanatory information required to support the decision-making process on a regular and timely basis.

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 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.

CORPORATE GOVERNANCE

Regular quarterly Board meetings are scheduled yearly in advance. Additional meetings are scheduled in between to provide technical updates and to facilitate discussion or deliberate on strategic issues. During the year, six Board meetings were held. The Company's Articles of Association provide for telephonic and videoconference meetings. The number of Board meetings held in 2008, as well as the attendance of every Board member at those meetings were as follows:

Director	Number of Board meetings held in 2008	Number of Board meetings attended
Lim Chee Onn[1]	6	6
Neil Montefiore[2]	6	6
Roger Barlow	6	6
Dato' Sri Jamaludin Ibrahim[3]	2	2
Low Huan Ping	6	6
Hsuan Owyang[4]	6	5
Ganen Sarvananthan[5]	4	2
Teo Soon Hoe	6	6
Reggie Thein	6	6
Thio Su Mein	6	6
Patrick Yeoh Khwai Hoh	6	5
Dato' Yusof Annuar Yaacob	6	3

[1] Mr. Lim Chee Onn resigned as a Director of the Company and as Chairman with effect from 1 March 2009
[2] Mr. Neil Montefiore resigned as a Director of the Company with effect from 1 February 2009
[3] Dato' Sri Jamaludin Ibrahim was appointed as a Director of the Company with effect from 21 August 2008
[4] Mr. Hsuan Owyang resigned as a Director of the Company with effect from 31 Decemeber 2008
[5] Mr. Ganen Sarvananthan resigned as a Director of the Company with effect from 24 July 2008

Briefings were also held during the meetings to ensure that Directors were updated on latest compliance requirements as well as industry developments.

2 Chairman and Chief Executive Officer (Code of Corporate Governance Principle 3)

Mr. Lim Chee Onn was formerly the Chairman of the Board. Mr. Lim resigned as a Director of the Company and as Chairman with effect from 1 March 2009. Mr. Teo Soon Hoe was appointed as Chairman with effect from 1 March 2009.

Mr. Neil Montefiore stepped down as the Chief Executive Officer with effect from 1 February 2009 and Ms Karen Kooi Lee Wah is currently the Acting Chief Executive Officer.

The Chairman and Acting Chief Executive Officer 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 Dr. Thio Su Mien (NC Chairman), Mr. Reggie Thein and Mr. Patrick Yeoh Khwai Hoh.

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

(a) Ensure a strong and independent element on the Board, with independent Directors making up at least one-third of the Board;

(b) Determine the size of the Board which facilitates effective decision making, taking into account the scope and nature of the operations of the Company;

(c) 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;

(d) Implement and disclose a formal and transparent process for the appointment of new Directors to the Board;

(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 of Corporate Governance 2005 (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 decide and propose to the Board for approval and implementation 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 of Corporate Governance 2005.

The number of NC meetings held in 2008 and the attendance of each member at those meetings were as follows:

NC Member	Number of NC meetings held in 2008	Number of NC meetings attended
Thio Su Mein	3	3
Reggie Thein	3	3
Patrick Yeoh Khwai Hoh	3	3

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, the NC appointed an independent consultant 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.

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

- Board composition and independence
- Board role and functioning
- Board processes

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- Information management
- Monitoring company performance
- Managing risk and adversity
- CEO performance and succession planning
- Corporate integrity and social responsibility
- Director development and management

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 and Mr. Chow Kok Kee, all of whom are non-executive Directors. Mr. Roger Barlow and Mr. Chow Kok Kee are the independent Directors on the RC.

In light of Mr. Hsuan Owyang's resignation, Mr. Roger Barlow was appointed the Chairman of the RC with effect from 16 January 2009. Mr. Chow Kok Kee, who was appointed as a Director of the Company on 16 February 2009, was also appointed a member of the RC on the same date.

The Director of Human Resources 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:

(a) Recommend to the Board a framework of remuneration for the Board of Directors and key executives;

(b) 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;

(c) Recommend to the Chairman for endorsement the remuneration of the CEO;

(d) Review the remuneration of senior management;

(e) Decide on long-term incentive benefits, including the Company's Share Option Scheme and the scope of eligibility for such long-term incentive;

(f) 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

(g) Ensure that remuneration of the Board of Directors is in compliance with the Code of Corporate Governance 2005.

The number of RC meetings held in 2008 and the attendance of each member at those meetings were as follows:

RC Member	Number of RC meetings held in 2008	Number of RC meetings attended
Hsuan Owyang	4	4
Roger Barlow	4	4
Low Huan Ping	4	4
Teo Soon Hoe	4	4

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 paid to each non-executive Director in 2008 was as follows:

Board	Chaiman	S$35,000 per annum
	Director	S$25,000 per annum
Audit Committee	Chairman	S$20,000 per annum
	Director	S$15,000 per annum
Nominating Committee	Chairman	S$15,000 per annum
	Director	S$10,000 per annum
Remuneration Committee	Chairman	S$15,000 per annum
	Director	S$10,000 per annum

The annual remuneration of non-executive Directors for 2008 was as follows:

Non-executive Director	Position Held	Director's Fee
Lim Chee Onn	Board Chairman	S$35,000
Roger Barlow	Board Member, RC Member	S$35,000
Dato' Sri Jamaludin Ibrahim[1]	Board Member	S$9,085
Low Huan Ping	Board Member, RC Member	S$35,000
Hsuan Owyang	Board Member, RC Chairman	S$40,000
Ganen Sarvananthan[2]	Board Member	S$14,071
Teo Soon Hoe	Board Member, RC Member	S$35,000
Reggie Thein	Board Member, AC Chairman, NC Member	S$55,000
Thio Su Mein	Board Member, NC Chairman, AC Member	S$55,000
Patrick Yeoh Khwai Hoh	Board Member, AC Member, NC Member	S$50,000
Dato' Yusof Annuar Yaacob	Board Member	S$25,000

[1] Dato' Sri Jamaludin Ibrahim was appointed as Director of the Company with effect from 21 August 2008
[2] Mr. Ganen Sarvananthan resigned as a Director of the Company with effect from 24 July 2008

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For each non-independent Director, fees were 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 2008, 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:

Above $1,250,000 to $1,500,000		
Neil Montefiore	Fixed	37%
	Bonuses	37%
	Retirement / CPF Contribution	8%
	Benefits-in-kind	18%
	Number of Share Options granted	940,000
Above $500,000 to $750,000		
Patrick Michael Scodeller	Fixed	41%
	Bonuses	27%
	Retirement / CPF Contribution	8%
	Benefits-in-kind	24%
	Number of Share Options granted	320,000
Above $250,000 to $500,000		
Karen Kooi Lee Wah	Fixed	63%
	Bonuses	26%
	Retirement / CPF Contribution	2%
	Benefits-in-kind	9%
	Number of Share Options granted	470,000
Lina Lee	Fixed	66%
	Bonuses	26%
	Retirement / CPF Contribution	1%
	Benefits-in-kind	7%
	Number of Share Options granted	170,000
Poopalasingam Subramaniam	Fixed	66%
	Bonuses	25%
	Retirement / CPF Contribution	2%
	Benefits-in-kind	7%
	Number of Share Options granted	170,000
Terence Teo Hoon Beng	Fixed	67%
	Bonuses	25%
	Retirement / CPF Contribution	2%
	Benefits-in-kind	6%
	Number of Share Options granted	170,000

In February 2008, 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 63 to 64 of the Annual Report.

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, Dr. Thio Su Mien, Mr. Patrick Yeoh Khwai Hoh and Mr. Alan Ow Soon Sian as members, all of whom, including the Chairman, are independent Directors. Three of the members, including the Chairman, have accounting, tax or related financial management expertise or experience.

Mr. Alan Ow Soon Sian, who was appointed as a Director of the Company on 16 February 2009, was also appointed a member of the AC on the same date.

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 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

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be carried out by the internal and/or external 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 AC meetings held in 2008 and the attendance of each member at those meetings were as follows:

AC Member	Number of AC meetings held in 2008	Number of AC meetings attended
Reggie Thein	4	4
Thio Su Mein	4	3
Patrick Yeoh Khwai Hoh	4	4

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

During the year, the AC reviewed the financial statements of the Group quarterly before submitting them to the Board for its approval and the announcement of the financial results. The AC also reviewed and monitored the Group's financial condition, internal and external 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 planning process and is closely aligned to the Company's business objectives and strategy development. While the Board, via the Audit Committee, has general oversight, the risk management team, comprising members of senior management, is responsible for maintaining the risk management framework to provide the Board with an enterprise-wide view of the risk exposures and facilitates the implementation of risk management policies and systems and controls.

During the year, major risks identified were reviewed to ensure continued relevance and effectiveness of controls and risk mitigation initiatives. Significant risk events are reported to executive management and the Board on a quarterly basis. Business continuity and crisis management plans were further refined 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, the Company adopts a cautious and prudent approach to achieve an appropriate balance between risk and return, but nevertheless, ensured that adequate resources are channelled to mitigate identified risks, thereby enhancing our decision making capabilities and driving business performance.

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 and up to and as of the date of this report is adequate to meet the needs of the Group in its current business environment. The Audit Committee has reviewed the effectiveness of 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.

During the year, the Internal Auditor reported 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 and Information Systems Audit and Controls Association.

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)

Communications 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 SGXNET, 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

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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. All press releases, financial statements and presentation slides relating to results announcements are posted on both the SGXNET and the Company's corporate website. Conference calls with media and analysts were held jointly immediately after the release of quarterly 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. The Company 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 8 April 2008. This gave shareholders sufficient time to review the information. At the start of the AGM, the Company's CEO made a short presentation on the Company's past financial and operating performance as well as its developments and outlook. 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(18))

The Group has issued a Code for Dealings in M1 Shares ("the Code") for the guidance of Directors, management and officers. The Code, which is based on SGX-ST Listing Rule 1207(18) 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 one month before the announcement of the Group's half and full year results and two weeks before the announcement of the Group's first and third quarter 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 Code is incorporated as part of the Group's Human Resources 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.

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 2008 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 shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual (excluding transactions less than $100,000)
	2008 S$'000	2008 S$'000
Transactions for the Purchase of Goods and Services^		
Telekom Malaysia Berhad	-	7,660
TM International Berhad	-	421
Trisilco Folec Pte Ltd	-	938
Keppel Logistics Pte Ltd	-	912
Keppel FMO Pte Ltd	-	939
CapitaMall Trust	-	1,108
MediaCorp Pte Ltd	-	287
Temasek Holdings (Private) Limited & its associates	-	1,590
Transactions for the Sale of Goods and Services		
Telekom Malaysia Berhad	-	7,892
TM International Berhad	-	261
MediaCorp Pte Ltd	-	70
Temasek Holdings (Private) Limited & its associates	-	189
Total Interested Person Transactions	**-**	**22,267**

^ 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.

PARTICULARS OF DIRECTORS

(As at 31 December 2008)

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 59 yrs Bachelor of Business Administration, University of Singapore Member, Wharton Society of Fellows, University of Pennsylvania	07.05.1996	**Present Appointments** Chairman Chairman Director Director Director Director Director Director **Past Appointments** Director Director Director Director	 Keppel Telecommunications & Transportation Ltd Keppel Philippines Holdings Inc Keppel Corporation Limited Keppel Offshore & Marine Ltd Keppel Land Limited k1 Ventures Limited Singapore Petroleum Company Limited Keppel Energy Pte Ltd Keppel Bank Philippines Inc Centurion Bank Ltd Keppel Shipyard Ltd Creek & Cove Properties Pte Ltd
Roger Barlow 59 yrs Bachelor of Science (Economics), University of London Master of Arts, University of Essex	22.05.2002	**Present Appointments** Director Director Chairman & Director Director **Past Appointments** Director	 M1 Net Ltd. (formerly known as M1 Capital Ltd) M1 Shop Pte Ltd RJB Consultants Limited - Hong Kong RJB Consultants Limited - British Virgin Islands VNPT Global HK Limited
Dato' Sri Jamaludin Ibrahim 49 yrs Master of Business Administration (Specialising in quantitative method) 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	**Present Appointments** Director/GCEO Director Director Director Director **Past Appointments** Director/CEO Director Director Director Director	 TM International Berhad PT Excelcomindo Pratama Tbk Indocel Holding Sdn Bhd SunShare Investments Ltd Yayasan Pendidikan Tun Abdul Razak Maxis Communications Berhad Advanced Wireless Technologies Sdn Bhd Castle Rock Equity Sdn Bhd Maxis Mobile Services Sdn Maxis Broadband Sdn Bhd

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
		Director Director Director Director Director Director Director Director Director Director Director Director Director Director Director Director Director Director Director	Maxis Collection Sdn Bhd Maxis International Sdn Bhd Maxis Management Services Sdn Bhd Maxis Mobile Sdn Bhd Maxis Multimedia Sdn Bhd Rawa Utara Sdn Bhd Maxis Sdn Bhd Maxis Mobile (L) Ltd UMTS (Malaysia) Sdn Bhd Maxis Online Sdn Bhd University Tun Hussein Onn Malaysia Kolej University Teknologi Tun Hussein Onn Pusat Sains Negara PT Maxis Communications PT Natrindo Telepon Seluler Aircel Limited South Asia Communications Private Limited Aircel Cellular Limited Dishnet Wireless Limited Deccan Digital Networks Private Limited East Asia Communications Holding NV East Asia Communications NV Bridge Mobile Pte Ltd.
Low Huan Ping 52 yrs Bachelor of Arts (Hons), Master of Arts, Cambridge University Master of Science, National University of Singapore Advanced Management Program, Harvard University	01.09.1994	**Present Appointments** Director Director Director Director Director Director Director Director Alternate Director Alternate Director Alternate Director Board Member **Past Appointments** 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 SI.com (Thailand) Co Ltd MediaCorp TV Holdings SPH Search Pte Ltd 701Search Pte Ltd Board of Governors, Republic Polytechnic BuzzCity Pte Ltd

PARTICULARS OF DIRECTORS

(As at 31 December 2008)

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
Reggie Thein 67 yrs Fellow, Institute of Chartered Accountants of England and Wales Member, Institute of Certified Public Accountants (Singapore)	08.11.2002	**Present Appointments**	
		Director & Chairman of AC	GuocoLeisure Limited (formerly known as BIL International Ltd)
		Director & Chairman of AC	FJ Benjamin Holdings Ltd
		Director & Chairman of AC	Grand Banks Yachts Limited
		Director & Chairman of AC	GuocoLand Ltd
		Director & Chairman of AC	Haw Par Corporation Limited
		Director & Chairman of AC	Keppel Telecommunications & Transportation Ltd
		Director & Chairman of AC	MFS technology Ltd
		Director & Chairman of AC	Otto Marine Limited
		Director	United Overseas Bank Limited
		Director	Energy Support Management Pte Ltd
		Director	Ascendas Pte Ltd
		Governing Council Member	Singapore Institute of Directors
		Director & Chairman of AC	DLF Office Trust Pte Ltd
		Past Appointments	
		Director	Goodwood Park Hotel Limited
		Director	Central Properties Limited
		Director	Hotel Malaysia Limited
		Director & Chairman of AC	Lindeteves - Jacoberg Ltd
		Director	Pearl Energy Ltd
Thio Su Mien 70 yrs LL.M and LL.B (Hons) University of Malaya, Singapore PhD, London School of Economics and Political Science Advocate and Solicitor, Supreme Court of Singapore	08.11.2002	**Present Appointments**	
		Senior Executive Director	TSMP Law Corporation
		Director	Allens Arthur Robinson TSMP
		Past Appointments	
		Director	SIA Engineering Company Limited
		Director	Manulife (Singapore) Pte. Ltd.
		Director	Jasper Investments Limited
Patrick Yeoh Khwai Hoh 70 yrs Bachelor of Science (Hons) University of Malaya, Singapore	08.11.2002	**Present Appointments**	
		Director	Oversea-Chinese Banking Corporation Limited
		Chairman	Tuan Sing Holdings Ltd
		Advisor	Nuri Holdings (S) Pte Ltd
		Advisor	The EDB Society
		Director	Accuron Technologies Ltd (formerly known as Accuron Technologies Pte Ltd)
		Past Appointments	
		Director	Three on the Bund Ltd
		Director	Green Tire Company Limited (formerly known as GITI Tire Company Ltd)
		Director	Times Publishing 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
Dato' Yusof Annuar Yaacob 43 yrs Chartered Institute of Management Accountants	16.11.2005	**Present Appointments**	
		Director/GCFO	TM International Berhad
		Director	PT Excelcomindo Pratama Tbk.
		Director	Celcom (Malaysia) Berhad
		Director	Indocel Holding Sdn Bhd
		Director	Telekom Management Services Sdn Bhd
		Director	TM International (L) Limited
		Director	SunShare Investments Ltd
		Director	Telekom Malaysia International (Cambodia) Company Limited
		Director	TM International (Bangladesh) Limited
		Director	Dialog Broadband Networks (Private) Limited
		Director	Mobile Telecommunication Company of Esfahan
		Director	TMI India Ltd
		Director	Spice Communications Limited
		Director	Multinet Pakistan (Private) Limited
		Director	Dialog Television (Private) Limited
		Director	Tess International Limited
		Director	Communiq Broadband Networks (Private) Limited
		Director	CBN Sat (Private) Limited
		Director	TMI Mauritius Ltd
		Director	Samart Corporation Public Company Limited
		Director	Samart I-Mobile Public Company Limited
		Past Appointments	
		Director	Telekom Malaysia - Africa Sdn Bhd
		Director	Telekom Malaysia (USA) Inc
		Director	Telekom Malaysia (UK) Limited
		Director	Telekom Malaysia (S) Pte Ltd
		Director	Telekom Malaysia (Hong Kong) Limited
		Director	General Soil Engineering Holdings Berhad
		Director	Can-One Berhad
		Director	KFC Holdings (Malaysia) Berhad
		Director	Kumpulan O'Connor's (Malaysia) Sdn Bhd
		Director	Ibufood Corporation Sdn Bhd
		Director	Ajcan Sdn Bhd
		Director	Aik Joo Can Factory Sdn Bhd
		Director	Canzo Sdn Bhd
		Director	Agrow Builders Sdn Bhd

PARTICULARS OF DIRECTORS

(As at 31 December 2008)

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
Alan Ow Soon Sian 62 yrs Appointed on 16/02/2009 (Details as at 16/02/2009) 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	**Present Appointments** Consultant **Past Appointments** Senior Deputy Commisioner IRAS & Chief Executive Officer (Until 30/11/2007)	KhattarWong Partnership Tax Academy of Singapore
Chow Kok Kee 57 yrs Appointed on 16/02/2009 (Details as at 16/02/2009) 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	**Present Appointments** Managing Director Director Director Director Director Director Director Director Director **Past Appointments** Director Director Director Director	ACTA Investment & Services Pte Ltd Chosen Holdings Ltd Tuan Sing Holdings Ltd Meiban Group Ltd Innovalues Ltd Transwater Services Pte Ltd Thai Village Holdings Ltd Transresources Pte Ltd Valuetronics Holdings Ltd Sing Lun Holdings Ltd HLN Technologies Ltd ChinaCast Communication Holdings Ltd Singapore Food Industries 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
Lim Chee Onn 64 yrs (Resigned on 01/03/09) Bachelor of Science 1st class Hons, University of Glasgow Master in Public Administration, Kennedy School of Government, Harvard University Member of Wharton Society of Fellows, University of Pennsylvania Honorary Doctor of Engineering, Glasgow University	01.11.1999	**Present Appointments** Executive Chairman Chairman Chairman & Chairman Exco Honorary Chairman Director Director Director Director Director Director Director	Keppel Corporation Ltd Keppel Land Ltd Singapore-Suzhou Township Development Pte Ltd National Heritage Board (Statutory Board) k1 Ventures Limited Monetary Authority of Singapore Keppel Energy Pte Ltd Business China Keppel Group Eco-City Investments Pte Ltd Singapore-Tianjin Eco-City Investment Holdings Pte Ltd Substantial Enterprises Ltd
Neil Montefiore 56 yrs (Resigned on 01/02/09) Bachelor of Science (Electrical & Electronic Engineering) Upper 2nd class Hons, University of Portsmouth Fellow, Institution of Electrical Engineers Fellow, Chartered Institute of Marketing (CIM)	08.11.2002	**Present Appointments** Director Director Director Director Director **Past Appointments** Director Director Director	M1 Net Ltd. (formerly known as M1 Capital Ltd) M1 Shop Pte Ltd Wireless Intellect Labs Pte Ltd Singapore Repertory Theatre Kliq Pte. Ltd. DataOne (Asia) Pte Ltd Stream plc Energy Market Authority (Statutory Board)

PARTICULARS OF SENIOR MANAGEMENT

(As at 31 December 2008)

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
Karen Kooi Lee Wah	M1 Net Ltd. (formerly known as M1 Capital Ltd) M1 Shop Pte Ltd Wireless Intellect Labs Pte Ltd Kliq Pte. Ltd.	None
Patrick Michael Scodeller	Wireless Intellect Labs Pte Ltd	None
Lina Lee	None	None
Poopalasingam Subramaniam	None	None
Terence Teo Hoon Beng	None	None
Lee Kok Chew	None	TP Ventures Pte Ltd Traffic Corner Publishing Company Limited Blu Inc Singapore Pte Ltd Blu Inc Holdings Malaysia Sdn Bhd (alternate director) Magazine World Sdn Bhd (alternate director) Blu Inc Media Sdn Bhd (alternate director) SPH Magazines (HK) Ltd PT. MI Magazines Hardware Zone Pte Ltd Shanghai You Her Consultancy Ltd Shanghai Blu Inc Ventures Consultancy Co Ltd
Lim Sock Leng	None	None
Gan Peck Yeow	None	None
Chua Swee Kiat	None	None
Chan Weng Keong	None	None

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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 MobileOne Ltd (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet and statement of changes in shareholders' equity of the Company for the financial year ended 31 December 2008.

1 DIRECTORS

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

Lim Chee Onn — Chairman
Roger Barlow
Dato' Sri Jamaludin Ibrahim (appointed on 21 August 2008)
Low Huan Ping
Teo Soon Hoe
Reggie Thein
Thio Su Mien
Dato' Yusof Annuar bin Yaacob
Patrick Yeoh Khwai Hoh

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:

Ordinary shares Held in the name of directors

Name of director	At beginning of financial year	At end of financial year	As at 21 January 2009
MobileOne Ltd			
Lim Chee Onn	41,850	41,850	41,850
Neil Montefiore (resigned on 1 February 2009)	2,957,760	2,957,760	2,957,760
Teo Soon Hoe	41,850	41,850	41,850
Reggie Thein	25,110	25,110	25,110
Thio Su Mien	41,850	41,850	41,850
Patrick Yeoh Khwai Hoh	4,190	4,190	4,190

DIRECTORS' REPORT

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (continued)

Options to subscribe for ordinary shares Held in the name of directors

Name of director	At beginning of financial year	At end of financial year	As at 21 January 2009
MobileOne Ltd			
Neil Montefiore (resigned on 1 February 2009)	3,180,000	4,120,000	4,120,000

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 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, MobileOne 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 Low Huan Ping, 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.

DIRECTORS' REPORT

5 SHARE OPTIONS (continued)

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 2008 or Date of Grant	Exercised	Cancelled*	Balance as at 31 December 2008	Subscription Price
9 November 2002	222,000	(212,000)	-	**10,000**	S$1.25
4 February 2004	905,000	(69,000)	-	**836,000**	S$1.50
3 February 2005	4,757,700	(776,000)	-	**3,981,700**	S$1.81
2 February 2006	6,017,000	-	(188,000)	**5,829,000**	S$2.21
6 February 2007	6,430,000	-	(385,000)	**6,045,000**	S$2.17
11 February 2008	7,475,000	-	(566,000)	**6,909,000**	S$1.90
	25,806,700	(1,057,000)	(1,139,000)	**23,610,700**	

** 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 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
Neil Montefiore (resigned on 1 February 2009)	940,000	7,660,000	(3,540,000)	4,120,000	$1.25 – $2.21

No options were granted to non-executive directors since the commencement of the Scheme, 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.

DIRECTORS' REPORT

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;
- 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, except for one where a member was absent.

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:

Lim Chee Onn
Chairman

Reggie Thein
Director

Singapore, 2 February 2009

STATEMENT BY DIRECTORS

In the opinion of the directors, the accompanying balance sheets, consolidated profit and loss statement, 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 2008, and of the results of the business, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date. 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:

Lim Chee Onn
Chairman
Singapore, 2 February 2009

Reggie Thein
Director

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MOBILEONE LTD

We have audited the accompanying financial statements of MobileOne Ltd (the "Company") and its subsidiaries (collectively, the "Group") set out on pages 68 to 110, which comprise the balance sheets of the Group and the Company as at 31 December 2008, the statements of changes in equity of the Group and the Company, the consolidated profit and loss statement and cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards. This responsibility includes 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 account and balance sheet and to maintain accountability of assets; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 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 and fair presentation of the financial statements 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.

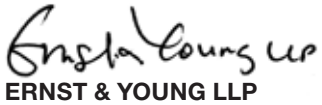
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion,

(a) the consolidated financial statements of the Group and the balance sheet 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 2008 and 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; and

(b) 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, 2 February 2009

CONSOLIDATED PROFIT AND LOSS STATEMENT

for the Financial Year Ended 31 December 2008

	Notes	2008 S$'000	2007 S$'000
Operating revenue	3	800,593	803,273
Operating expenses	4	(608,947)	(602,205)
Other revenue	5	956	2,903
Finance costs	6	(7,578)	(9,472)
Profit before tax		185,024	194,499
Taxation	7	(34,915)	(22,698)
Net profit for the year		**150,109**	171,801
Earnings per share (cents)	8		
Basic		16.8	18.5
Diluted		16.8	18.5
EBITDA	9	316,496	320,652

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

BALANCE SHEETS

as at 31 December 2008

		Group		Company	
	Notes	2008 S$'000	2007 S$'000	2008 S$'000	2007 S$'000
Non-current assets:					
Fixed assets	10	612,870	636,664	610,806	635,333
Licences and spectrum rights	11	79,263	82,558	79,263	82,558
Staff loans	12	871	752	871	752
Interests in subsidiaries	13	-	-	2,340	3,585
		693,004	719,974	**693,280**	722,228
Current assets:					
Inventories	15	8,504	8,370	609	295
Trade debtors	16	69,236	80,824	67,804	79,741
Other debtors	17	9,227	10,188	6,571	5,915
Prepayments		5,732	4,059	5,491	3,906
Due from related parties	18	186	66	186	2,489
Cash and cash equivalents	19	17,787	23,087	17,548	22,926
		110,672	126,594	**98,209**	115,272
Current liabilities:					
Creditors and accruals	20	(156,377)	(173,017)	(144,682)	(157,403)
Unearned revenue		(24,365)	(25,001)	(24,344)	(25,001)
Due to related parties	18	(4,568)	(6,302)	(6,675)	(10,867)
Borrowings	21	-	(35,000)	-	(35,000)
Derivative liabilities	29	(2,627)	(314)	(2,627)	(314)
Tax payable		(42,603)	(48,086)	(42,479)	(48,008)
		(230,540)	(287,720)	(220,807)	(276,593)
Net current liabilities		**(119,868)**	**(161,126)**	**(122,598)**	**(161,321)**

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

BALANCE SHEETS

as at 31 December 2008

(Continued)

	Notes	Group 2008 S$'000	Group 2007 S$'000	Company 2008 S$'000	Company 2007 S$'000
Non-current liabilities:					
Borrowings	21	(250,000)	(250,000)	(250,000)	(250,000)
Deferred tax liabilities	7	(99,904)	(106,937)	(99,777)	(106,809)
Net assets		**223,232**	201,911	**220,905**	204,098
Represented by:					
Share capital	22	116,212	114,439	116,212	114,439
Hedging reserve	23	(2,155)	(257)	(2,155)	(257)
Share option reserve		6,098	5,011	6,098	5,011
Retained profits		103,077	82,718	100,750	84,905
Total equity		**223,232**	201,911	**220,905**	204,098

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

STATEMENTS OF CHANGES IN EQUITY

for the Financial Year Ended 31 December 2008

	Attributable to equity holders of the Company				
	Share Capital (Note 22) S$'000	Hedging Reserve (Note 23) S$'000	Share Option Reserve S$'000	Retained Profits S$'000	Total S$'000
2008 Group					
As at 1 Jan 08	114,439	(257)	5,011	82,718	201,911
Income recognised directly in equity:					
Net change in reserve	-	(1,898)	-	-	(1,898)
Net profit	-	-	-	150,109	150,109
Total income/(expense) recognised for the year	-	(1,898)	-	150,109	148,211
Issuance of ordinary shares on exercise of employee share options	1,773	-	-	-	1,773
Expenses on share options	-	-	1,087	-	1,087
Dividends	-	-	-	(129,750)	(129,750)
As at 31 Dec 08	**116,212**	**(2,155)**	**6,098**	**103,077**	**223,232**

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

STATEMENTS OF CHANGES IN EQUITY

for the Financial Year Ended 31 December 2008

	Attributable to equity holders of the Company				
	Share Capital (Note 22) S$'000	Hedging Reserve (Note 23) S$'000	Share Option Reserve S$'000	Retained Profits S$'000	Total S$'000
2007 Group					
As at 1 Jan 07	211,985	(81)	3,446	166,618	381,968
Income recognised directly in equity:					
Net change in reserve	-	(176)	-	-	(176)
Net profit	-	-	-	171,801	171,801
Total income/(expense) recognised for the year	-	(176)	-	171,801	171,625
Issuance of ordinary shares on exercise of employee share options	4,810	-	-	-	4,810
Capitalisation of retained earnings	158,957	-	-	(158,957)	-
Capital distributions	(261,313)	-	-	-	(261,313)
Expenses on share options	-	-	1,565	-	1,565
Dividends	-	-	-	(96,744)	(96,744)
As at 31 Dec 07	**114,439**	**(257)**	**5,011**	**82,718**	**201,911**

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

STATEMENTS OF CHANGES IN EQUITY

for the Financial Year Ended 31 December 2008

	Attributable to equity holders of the Company				
	Share Capital (Note 22) S$'000	Hedging Reserve (Note 23) S$'000	Share Option Reserve S$'000	Retained Profits S$'000	Total S$'000
2008 Company					
As at 1 Jan 08	114,439	(257)	5,011	84,905	204,098
Income recognised directly in equity:					
Net change in reserve	-	(1,898)	-	-	(1,898)
Net profit	-	-	-	145,595	145,595
Total income/(expense) recognised for the year	-	(1,898)	-	145,595	143,697
Issuance of ordinary shares on exercise of employee share options	1,773	-	-	-	1,773
Expenses on share options	-	-	1,087	-	1,087
Dividends	-	-	-	(129,750)	(129,750)
As at 31 Dec 08	**116,212**	**(2,155)**	**6,098**	**100,750**	**220,905**

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

STATEMENTS OF CHANGES IN EQUITY

for the Financial Year Ended 31 December 2008

	Attributable to equity holders of the Company				
	Share Capital (Note 22) S$'000	Hedging Reserve (Note 23) S$'000	Share Option Reserve S$'000	Retained Profits S$'000	Total S$'000
2007 Company					
As at 1 Jan 07	211,985	(81)	3,446	168,025	383,375
Income recognised directly in equity:					
Net change in reserve	-	(176)	-	-	(176)
Net profit	-	-	-	172,581	172,581
Total income/(expense) recognised for the year	-	(176)	-	172,581	172,405
Issuance of ordinary shares on exercise of employee share options	4,810	-	-	-	4,810
Capitalisation of retained earnings	158,957	-	-	(158,957)	-
Capital distributions	(261,313)	-	-	-	(261,313)
Expenses on share options	-	-	1,565	-	1,565
Dividends	-	-	-	(96,744)	(96,744)
As at 31 Dec 07	**114,439**	**(257)**	**5,011**	**84,905**	**204,098**

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

CONSOLIDATED CASH FLOWS STATEMENT

for the Financial Year Ended 31 December 2008

	Notes	2008 S$'000	2007 S$'000
Cash flows from operating activities:			
Profit before tax		185,024	194,499
Adjustments for:			
Depreciation of fixed assets		117,824	110,611
Loss on disposals of fixed assets		3	-
Amortisation of licences/spectrum rights		6,070	6,070
Share option expenses		1,087	1,565
Interest income		(377)	(2,721)
Interest expense		7,578	9,472
Operating cash flows before working capital changes		**317,209**	319,496
Changes in:			
Inventories		(134)	(2,806)
Trade debtors		11,588	1,133
Other debtors		958	4,142
Prepayments		(1,673)	752
Non-current staff loans		(119)	(87)
Creditors and accruals		(16,559)	(1,611)
Unearned revenue		(636)	(911)
Related parties		(1,854)	3,157
Cash generated from operations		308,780	323,265
Interest received		381	2,963
Interest paid		(7,660)	(9,768)
Payment of tax		(47,015)	(87,418)
Net cash flows from operating activities		**254,486**	229,042

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

CONSOLIDATED CASH FLOWS STATEMENT

for the Financial Year Ended 31 December 2008

(Continued)

	Notes	2008 S$'000	2007 S$'000
Cash flows from investing activities:			
Purchase of fixed assets		(94,137)	(56,340)
Purchase of licences and spectrum rights		(2,775)	-
Proceeds from disposals of fixed assets		103	-
Net cash flows used in investing activities		**(96,809)**	(56,340)
Cash flows from financing activities:			
Proceeds from bank loans		-	360,000
Repayment of bank loans		(35,000)	(325,000)
Capital distributions	22	-	(261,313)
Dividends paid on ordinary shares by the Company		(129,750)	(96,744)
Proceeds from issuance of share capital on exercise of employee share options		1,773	4,810
Net cash flows used in financing activities		**(162,977)**	(318,247)
Net changes in cash and cash equivalents		(5,300)	(145,545)
Cash and cash equivalents at beginning of financial year	19	23,087	168,632
Cash and cash equivalents at end of financial year	19	**17,787**	23,087

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

NOTES TO THE FINANCIAL STATEMENTS

1 CORPORATE INFORMATION

MobileOne Ltd (the "Company") is a public limited liability company, which is incorporated 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 internet access services, retail sales of telecommunication equipment and accessories, customer services and investment holding.

The Company has a joint venture with PLDT (SG) Retail Service Pte Ltd. The principal activity of this joint venture is provision of prepaid mobile services.

There have been no significant changes in the nature of these activities during the financial year.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated financial statements of the Group and the balance sheet 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.

The accounting policies have been consistently applied by the Group and the Company and are consistent with those used in the previous financial year.

NOTES TO THE FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 FRS and INT FRS not yet effective

The Group has not adopted the following FRS and INT FRS that have been issued but not yet effective:

			Effective periods (Annual periods beginning on or after)
FRS 1	:	Presentation of Financial Statements – Revised presentation	1 January 2009
		Presentation of Financial Statements – Amendments relating to Puttable Financial Instruments and Obligations Arising on Liquidation	1 January 2009
FRS 23	:	Borrowing Costs	1 January 2009
FRS 27	:	Consolidated and Separate Financial Statements – Amendments Relating to Cost of an Investment in a Subsidiary, Jointly-controlled Entity or Associate	1 January 2009
FRS 32	:	Presentation of Financial Statements – Amendments relating to Puttable Financial Instruments and Obligations Arising on Liquidation	1 January 2009
FRS 101	:	First-time Adoption of Financial Reporting Standards – Amendments Relating to Cost of an Investment in a Subsidiary, Jointly-controlled Entity and Associate	1 January 2009
FRS 102	:	Share-based payment – Vesting conditions and cancellations	1 January 2009
FRS 108	:	Operating Segments	1 January 2009
INT FRS 113	:	Customer Loyalty Programmes	1 July 2008
INT FRS 116	:	Hedges of a Net Investment in a Foreign Operation	1 October 2008

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

2.3 Significant accounting estimates and judgements

The preparation of the Group's 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 reporting date. 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.

NOTES TO THE FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Significant accounting estimates and judgements (continued)

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, 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 10 to 13 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 amount of the Group's network and related application systems at the balance sheet date is 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. Non-financial assets are tested for impairment periodically.

  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. The carrying amount of non-financial assets is disclosed in Notes 10, 11 and 13 to the financial statements.

- *Impairment of loans and receivables*
  The Group assesses at each balance sheet 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 amount of the Group's loans and receivables at the balance sheet date is disclosed in Notes 12, 16, 17, 18 and 19 to the financial statements.

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the balance sheet date. 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.

NOTES TO THE FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 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. The Group generally has such power when it directly or indirectly, holds more than 50% of the issued share capital, or controls more than half of the voting power, or controls the composition of the board of directors.

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

2.6 Joint venture

The Group has 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 financial statements. Consistent accounting policies are applied for like transactions and events in similar circumstances. The joint venture is proportionate consolidated until the date on which the Group ceases to have joint control over the joint venture.

2.7 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 charged to the profit and loss statement 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.

2.8 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	-	10 – 13 years
Application systems and computers	-	3 – 5 years
Motor vehicles	-	5 years
Furniture, fittings and equipment	-	2 – 7 years

NOTES TO THE FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.8 Depreciation (continued)

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.

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 the profit and loss statement in the year the asset is derecognised.

2.9 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 13 to 17 years. The amortisation period and the amortisation method are reviewed at least at each financial year-end. The amortisation expense is recognised in the profit and loss statement through the 'depreciation and amortisation expenses' line item.

2.10 Financial assets

Financial assets are recognised on the balance sheet 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.

Provision 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 2.12 below.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and time deposits. They are carried in the balance sheets, classified and accounted for under FRS 39.

NOTES TO THE FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.10 Financial assets (continued)

Cash and cash equivalents (continued)

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

2.11 Financial liabilities

Financial liabilities are recognised on the balance sheet 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 the profit and loss statement when the liabilities are derecognised as well as through the amortisation process.

Borrowing costs are generally expensed as incurred.

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 the profit and loss statement when the liabilities are derecognised as well as through the amortisation process.

2.12 Impairment of financial assets

At each balance sheet 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 the profit and loss statement.

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 the profit and loss statement, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

2.13 Derecognition of financial assets and liabilities

a. Financial assets

A loan and receivable 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 the profit and loss statement.

NOTES TO THE FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.13 Derecognition of financial assets and liabilities (continued)

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 the profit and loss statement when the liabilities are derecognised or impaired, and through the amortisation process.

2.14 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 the profit and loss statement 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:

- *Fair value hedges*

  For fair value hedges, the carrying amount of the hedged item is adjusted for gains and losses attributable to the risk being hedged, the derivative is re-measured at fair value and gains and losses from both are taken to the profit and loss statement.

  The Group discontinues fair value hedge accounting if the hedging instrument expires or is sold, terminated or exercised, the hedge no longer meets the criteria for hedge accounting or the Group revokes the designation.

NOTES TO THE FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.14 Derivative financial instruments and hedging activities (continued)

- *Fair value hedges (continued)*
  Any adjustment to the carrying amount of a hedged financial instrument for which the effective interest method is used is amortised to the profit and loss statement.

- *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 the profit and loss statement.

  Amounts taken to hedging reserve are transferred to the profit and loss statement 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 the profit and loss statement. 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 and loss statement.

2.15 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.

2.16 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 balance sheet 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.

2.17 Employee benefits

a. 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.

NOTES TO THE FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.17 Employee benefits (continued)

b. Employee leave entitlement

Employees' entitlements to annual leave are recognised as a liability when they accrue to the employees. The estimated liability for leave is recognised for services rendered by employees up to the balance sheet date.

c. Employee share option plan

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

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 the profit and loss statement 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 the profit and loss statement 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.

2.18 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 balance sheet date.

b. Deferred tax

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

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.

The carrying amount of deferred tax assets is reviewed at each balance sheet 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 balance sheet date and are recognised to the extent

NOTES TO THE FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.18 Income tax (continued)

b. Deferred tax (continued)

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 balance sheet 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 balance sheet.

2.19 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 the profit and loss statement 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 the profit and loss statement. 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.

2.20 Revenue recognition

Revenue of the Group comprises fees earned from telecommunication services rendered, sales of handset and software licences.

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:

NOTES TO THE FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.20 Revenue recognition (continued)

- 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 balance sheet as unearned revenue.
- Revenue from sale of prepaid cards but for which services have not been rendered is deferred on the balance sheet as unearned revenue. Upon termination of the prepaid cards, any unutilised value of the prepaid cards will be taken to the profit and loss statement.
- 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 from sale of software licences is recognised upon acceptance of the software by the customers.
- Interest income is recognised using the effective interest method.

2.21 Customer acquisition and retention costs

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

2.22 Operating leases

Operating lease payments are recognised as an expense in the profit and loss statement 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.

2.23 Foreign currency

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 balance sheet 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 balance sheet date are recognised in the profit and loss statement.

2.24 Related parties

An entity or individual is considered to be a related party of the Group for the purposes of the financial statements if:

a. it possesses ability (directly or indirectly) to control or exercise significant influence over the operating and financial decisions of the Group or vice versa; or

b. it is subject to common control or common significant influence.

2.25 Segment reporting

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

NOTES TO THE FINANCIAL STATEMENTS

3 OPERATING REVENUE

	Group	
	2008 S$'000	2007 S$'000
Mobile telecommunications	601,168	600,079
International call services	137,101	127,061
Handset sales	62,122	76,133
Others	202	-
	800,593	803,273

4 OPERATING EXPENSES

	Group	
	2008 S$'000	2007 S$'000
Cost of services	173,021	163,219
Cost of handsets sold	127,692	133,157
Staff costs	85,899	91,661
Advertising and promotion expenses	20,192	19,278
Depreciation and amortisation	123,894	116,681
Provision for doubtful debts	16,872	19,027
Facilities expenses	38,723	38,064
General and administrative expenses	22,654	21,118
	608,947	602,205

Total operating expenses included the following:

	Group	
	2008 S$'000	2007 S$'000
Non-audit fees paid to auditors of the Company	132	54
CPF contributions	8,101	8,500
Share-based payments	1,087	1,565
Directors' remuneration	1,743	1,709
Foreign exchange gain, net	(5)	(276)
Loss on disposal of fixed assets	3	-

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

	Group	
	2008 S$'000	2007 S$'000
Short term employee benefits	3,702	3,534
CPF contributions	82	83
Share-based payments	327	491
Total compensation paid to key executives	**4,111**	4,108

NOTES TO THE FINANCIAL STATEMENTS

5 OTHER REVENUE

	Group	
	2008 S$'000	2007 S$'000
Interest income from banks	377	2,721
Others	579	182
	956	2,903

6 FINANCE COSTS

	Group	
	2008 S$'000	2007 S$'000
Interest on bank loans	7,578	9,472

7 TAXATION

Major components of income tax expense for the years ended 31 December 2008 and 2007 are:

	Group	
	2008 S$'000	2007 S$'000
Current taxation		
– Current taxation	41,560	46,249
– Over provision in respect of previous years	-	(1,722)
	41,560	44,527
Deferred taxation		
– Origination and reversal of temporary differences	(6,645)	(8,977)
– Effect of reduction in tax rate	-	(12,852)
Income tax expense recognised in the profit and loss statement	**34,915**	22,698

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 2008 and 2007 are as follows:

	Group	
	2008 %	2007 %
Statutory rate	18.0	18.0
Adjustments for the tax effect of:		
Change in tax rate	-	(6.6)
Expenses not deductible for tax purposes	1.0	1.1
Over provision in respect of previous years	-	(0.9)
Others	(0.1)	0.1
Effective tax rate	**18.9**	11.7

NOTES TO THE FINANCIAL STATEMENTS

7 TAXATION (continued)

Analysis of deferred tax liabilities:

	Group		Company	
	2008 S$'000	2007 S$'000	2008 S$'000	2007 S$'000
Balance at beginning of year	106,937	128,834	106,809	128,637
Movement for the year	(7,033)	(21,897)	(7,032)	(21,828)
Balance at end of year	**99,904**	106,937	**99,777**	106,809

Deferred tax assets and liabilities

Deferred taxes at 31 December 2008 and 2007 are related to the following:

	Group		Company	
	2008 S$'000	2007 S$'000	2008 S$'000	2007 S$'000
Deferred tax liabilities				
Difference in depreciation	100,145	107,199	99,992	107,032
Deferred tax assets				
Provisions for unconsumed annual leave	(241)	(262)	(215)	(223)
Net deferred tax liabilities	**99,904**	106,937	**99,777**	106,809

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).

NOTES TO THE FINANCIAL STATEMENTS

8 EARNINGS PER SHARE (continued)

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	
	2008	2007
Net profit attributable to shareholders for basic and diluted earnings per share (S$'000)	150,109	171,801
Weighted average of ordinary shares on issue applicable to basic earnings per share	894,692,507	929,678,864
Effect of dilutive securities:		
Share options	107,641	1,008,838
Adjusted weighted average of ordinary shares on issue applicable to diluted earnings per share	**894,800,148**	930,687,702

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

EBITDA is defined as follows:

	Group	
	2008 S$'000	2007 S$'000
Profit before tax	185,024	194,499
Adjustments for:		
Amortisation of licences/spectrum rights	6,070	6,070
Depreciation of fixed assets	117,824	110,611
Interest on bank loans	7,578	9,472
EBITDA	**316,496**	320,652

NOTES TO THE FINANCIAL STATEMENTS

10 FIXED ASSETS

Group	Leasehold Buildings S$'000	Networks and Related Application Systems S$'000	Application Systems & Computers S$'000	Motor Vehicles S$'000	Furniture, Fitting & Equipment S$'000	Capital Work-in-progress S$'000	Total S$'000
Cost:							
At 1 January 2007	77,631	1,126,257	153,643	1,341	13,078	12,945	1,384,895
Additions	293	19,875	5,888	-	14,767	15,518	56,341
Disposals	-	-	(930)	-	(9)	-	(939)
At 31 December 2007 and 1 January 2008	77,924	1,146,132	158,601	1,341	27,836	28,463	1,440,297
Additions	845	34,249	14,177	53	8,898	35,915	94,137
Disposals	-	-	(8,318)	(245)	(23)	-	(8,586)
At 31 December 2008	**78,769**	**1,180,381**	**164,460**	**1,149**	**36,711**	**64,378**	**1,525,848**
Accumulated depreciation:							
At 1 January 2007	24,496	522,929	135,370	786	10,380	-	693,961
Charge for the year	3,481	92,111	9,383	151	5,485	-	110,611
Disposals	-	-	(930)	-	(9)	-	(939)
At 31 December 2007 and 1 January 2008	27,977	615,040	143,823	937	15,856	-	803,633
Charge for the year	3,404	94,875	8,482	111	10,952	-	117,824
Disposals	-	-	(8,312)	(146)	(21)	-	(8,479)
At 31 December 2008	**31,381**	**709,915**	**143,993**	**902**	**26,787**	**-**	**912,978**
Net carrying amount:							
At 31 December 2007	49,947	531,092	14,778	404	11,980	28,463	636,664
At 31 December 2008	**47,388**	**470,466**	**20,467**	**247**	**9,924**	**64,378**	**612,870**

NOTES TO THE FINANCIAL STATEMENTS

10 FIXED ASSETS (continued)

NOTES TO THE FINANCIAL STATEMENTS

10 FIXED ASSETS (continued)

Company	Leasehold Buildings S$'000	Networks and Related Application Systems S$'000	Application Systems & Computers S$'000	Motor Vehicles S$'000	Furniture, Fitting & Equipment S$'000	Capital Work-in-progress S$'000	Total S$'000
Cost:							
At 1 January 2007	77,631	1,126,257	151,945	1,301	7,919	12,945	1,377,998
Additions	293	19,875	5,573	-	15,494	15,517	56,752
Disposals	-	-	(921)	-	(9)	-	(930)
At 31 December 2007 and 1 January 2008	77,924	1,146,132	156,597	1,301	23,404	28,462	1,433,820
Additions	845	23,861	13,271	53	7,896	46,937	92,863
Disposals	-	-	(8,301)	(203)	(13)	-	(8,517)
At 31 December 2008	**78,769**	**1,169,993**	**161,567**	**1,151**	**31,287**	**75,399**	**1,518,166**
Accumulated depreciation:							
At 1 January 2007	24,496	522,929	133,868	746	7,204	-	689,243
Charge for the year	3,481	92,111	9,262	151	5,169	-	110,174
Disposals	-	-	(921)	-	(9)	-	(930)
At 31 December 2007 and 1 January 2008	27,977	615,040	142,209	897	12,364	-	798,487
Charge for the year	3,405	94,875	8,330	110	10,556	-	117,276
Disposals	-	-	(8,295)	(103)	(5)	-	(8,403)
At 31 December 2008	**31,382**	**709,915**	**142,244**	**904**	**22,915**	**-**	**907,360**
Net carrying amount:							
At 31 December 2007	49,947	531,092	14,388	404	11,040	28,462	635,333
At 31 December 2008	**47,387**	**460,078**	**19,323**	**247**	**8,372**	**75,399**	**610,806**

NOTES TO THE FINANCIAL STATEMENTS

10 FIXED ASSETS (continued)

NOTES TO THE FINANCIAL STATEMENTS

11 LICENCES AND SPECTRUM RIGHTS

	Group and Company	
	2008 S$'000	2007 S$'000
Cost:		
Balance at beginning and end of financial year	100,261	100,261
Addition	2,775	-
	103,036	100,261
Accumulated amortisation:		
Balance at beginning of financial year	17,703	11,633
Amortisation	6,070	6,070
Balance at end of financial year	**23,773**	17,703
Net carrying amount:		
At end of financial year	79,263	82,558
At beginning of financial year	**82,558**	88,628

12 STAFF LOANS

	Group and Company	
	2008 S$'000	2007 S$'000
Repayable within one year (included in Note 17)	313	256
Repayable after one year	871	752
	1,184	1,008

Staff loans are for purchase of motor vehicles. These loans are repayable in equal monthly instalments over periods of up to seven years and bear interest rate of up to 2% (2007: 2%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

13 INTERESTS IN SUBSIDIARIES

Details of the subsidiaries of the Company as at 31 December 2008 are as follows:

	Company	
	2008 S$'000	2007 S$'000
Unquoted shares:		
At cost	3,585	3,585
Provision for impairment in value of investment	(1,245)	-
	2,340	3,585

Name of company	Date and country of incorporation	Effective interest of the Company		Cost of investment		Principal activities (place of business)
		2008 %	2007 %	2008 S$'000	2007 S$'000	
M1 Shop Pte Ltd	21 March 1996 Singapore	**100**	100	**2,000**	2,000	Retail sales of telecommunication equipment and accessories (Singapore)
M1 Net Ltd	27 June 1996 Singapore	**100**	100	**25**	25	Provision of internet access (Singapore)
Wireless Intellect Labs Pte Ltd	20 June 2001 Singapore	**100**	100	**1,560**	1,560	Research and development (Singapore)
Kliq Pte Ltd	30 January 2008 Singapore	**100**	-	*	-	Investment holding – inactive (Singapore)
				3,585	3,585	

Other than Kliq Pte Ltd, the subsidiaries are audited by Ernst & Young LLP, Singapore. There is no statutory audit requirement on the financial statements of Kliq Pte Ltd as it was dormant during the financial year.

* Balance less than S$1,000

NOTES TO THE FINANCIAL STATEMENTS

14 JOINT VENTURE

The Group has a 50% interest in a jointly-controlled operation, PLDT (SG) Retail Service Pte Ltd which is involved in prepaid mobile services targeted at the Filipino community in Singapore.

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

	Group	
	2008 S$'000	**2007 S$'000**
Assets and liabilities:		
Current assets	3,079	2,104
Non-current assets	381	537
Total assets	3,460	2,641
Current liabilities	(3,263)	(3,092)
Total liabilities	(3,263)	(3,092)
Results:		
Revenue	8,576	5,343
Other income	-	53
Expenses	(7,927)	(5,108)
Profit for the financial year	**649**	288

15 INVENTORIES

	Group		Company	
	2008 S$'000	**2007 S$'000**	**2008 S$'000**	**2007 S$'000**
At lower of cost or net realisable value:				
Handsets	7,157	7,525	-	-
Accessories	1,347	845	609	295
	8,504	8,370	**609**	295

During the financial year, the Group wrote down inventories of S$3,367,000 (2007: S$3,367,000).

NOTES TO THE FINANCIAL STATEMENTS

16 TRADE DEBTORS

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.

Debtors that are past due but not impaired:

The Group has trade debtors amounting to S$10,356,000 (2007: S$16,483,000) that are past due at the balance sheet date but not impaired. These debtors are unsecured and the analysis of their aging at the balance sheet date is as follows:

	Group	
	2008 S$'000	**2007 S$'000**
Trade debtors past due:		
30 – 60 days	8,073	11,679
61 – 90 days	1,528	2,847
More than 90 days	755	1,957
	10,356	16,483

Debtors that are impaired:

The Group's trade debtors that are impaired have been fully provided for at the balance sheet date. The movement of the provision account used to record impairment are as follows:

	Group	
	2008 S$'000	**2007 S$'000**
Movement in provision for doubtful debt accounts:		
Balance at beginning of financial year	24,187	32,121
Charge for the year	18,855	20,317
Written-off	(20,654)	(28,251)
Balance at end of financial year	**22,388**	24,187

NOTES TO THE FINANCIAL STATEMENTS

17 OTHER DEBTORS

	Group		Company	
	2008 S$'000	2007 S$'000	2008 S$'000	2007 S$'000
Deposits	4,414	3,927	3,296	3,040
Staff loans (Note 12)	313	256	313	256
Sundry debtors	4,500	6,005	2,962	2,619
	9,227	10,188	**6,571**	5,915

18 DUE FROM/(TO) RELATED PARTIES

	Group		Company	
	2008 S$'000	2007 S$'000	2008 S$'000	2007 S$'000
Due from subsidiaries, trade	-	-	2,703	2,429
Due from other related parties	186	66	186	60
Allowance for impairment	-	-	(2,703)	-
	186	66	186	2,489
Due to subsidiaries, trade	-	-	(2,202)	(4,814)
Due to other related parties	(4,568)	(6,302)	(4,473)	(6,053)
	(4,568)	(6,302)	**(6,675)**	(10,867)

The amounts due from/(to) related parties are unsecured, non-interest bearing and are expected to be repaid within the next 12 months.

19 CASH AND CASH EQUIVALENTS

	Group		Company	
	2008 S$'000	2007 S$'000	2008 S$'000	2007 S$'000
Time deposits	11,550	16,400	11,550	16,400
Cash and bank balances	6,237	6,687	5,998	6,526
	17,787	23,087	**17,548**	22,926

Cash and cash equivalents comprises cash on hand and at banks, and time deposits which earn interest at floating rates offered by short-term money market ranging from 0.1% to 1.82% (2007: 0.5% to 5.1%) per annum. Time deposits are made for varying periods of between 1 day and 3 months depending on the immediate cash requirements of the Group.

NOTES TO THE FINANCIAL STATEMENTS

20 CREDITORS AND ACCRUALS

	Group		Company	
	2008 S$'000	2007 S$'000	2008 S$'000	2007 S$'000
Trade creditors	50,981	49,403	42,496	39,895
Accrued operating expenses	43,456	60,630	40,979	55,012
Accrued capital expenditure	50,770	52,863	50,238	52,586
Interest payable	718	800	718	800
Directors' fees payable	388	390	388	390
Other creditors	10,064	8,931	9,863	8,720
	156,377	173,017	**144,682**	157,403

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

21 BORROWINGS

	Group and Company	
	2008 S$'000	2007 S$'000
Current:		
S$ Bank loan	-	35,000
	-	**35,000**
Non-current:		
S$ Bank term loans	250,000	250,000
	250,000	285,000

The S$250 million unsecured term loans are repayable in full in 2010. They bear interest at a rate which is based on the variable Singapore Dollar Swap Offer Rate, payable semi-annually every November and May.

The Group had exchanged the variable Singapore Dollar Swap Offer Rate with a fixed interest rate by entering into interest rate swap agreements with a financial institution whereby it receives interest at the variable Singapore Dollar Swap Offer Rate and pays interest at a fixed Singapore Dollar rate of between 2.33% to 2.80% per annum semi-annually every November and May. The total notional amount of the interest rate swaps is S$250 million.

NOTES TO THE FINANCIAL STATEMENTS

22 SHARE CAPITAL

	Group and Company	
	2008 S$'000	2007 S$'000
Issued and fully-paid:		
Balance at beginning of financial year 893,877,782 (2007: 990,076,478) ordinary shares	114,439	211,985
Issued during the financial year 1,057,000 (2007: 2,988,300) ordinary shares for cash on exercise of employee share options	1,773	4,810
Capital distributions		
Nil (2007: 99,186,996) ordinary shares issued by way of capitalisation of retained earnings and cancelled immediately	-	158,957
Nil (2007: 99,186,996) ordinary shares cancelled and returned cash of S$Nil (2007: S$2.22) per share to shareholders	-	(220,195)
Returned cash of S$Nil (2007: S$0.046) per share to shareholders	-	(41,118)
	-	(102,356)
Balance at end of financial year 894,934,782 (2007: 893,877,782) ordinary shares	**116,212**	114,439

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 Company has an employee share option scheme (Note 26) under which options to subscribe for the Company's ordinary shares have been granted to employees (including executive director) and non-executive directors of the Company and its subsidiaries.

In prior financial year, the Company carried out two Capital Reduction Exercises to distribute capital of an aggregate amount of S$261,313,000.

The first exercise was completed on 25 May 2007 which involved:

a) the capitalisation of S$158,957,000 forming part of the retained profits of the Company and the allotment of 99,186,996 million new shares at the price of S$1.6026 per additional share and thereafter, cancelled in their entirety without any distribution to shareholders of the Company.

b) the cancellation of 99,186,996 ordinary shares of S$2.22 each, representing 10.0% of the issued and paid-up share capital of the Company and a cash distribution of S$220,195,000 to the shareholders of the Company.

The second exercise was completed on 27 December 2007 which involved the reduction of the share capital of the Company by a cash distribution of S$41,118,000 to the shareholders of the Company.

NOTES TO THE FINANCIAL STATEMENTS

23 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	
	2008 S$'000	2007 S$'000
Balance at beginning of financial year	(257)	(81)
Net loss on fair value changes during the year	(3,851)	(651)
Recognised in profit and loss statement on occurrence of hedge transactions	1,953	475
Balance at end of financial year	**(2,155)**	(257)

24 SIGNIFICANT RELATED PARTY TRANSACTIONS

Related parties are the substantial shareholders of the Company and their subsidiaries. The following were significant transactions entered into by the Group and related parties who are not members of the Group at market rates during the financial year:

	Group and Company	
	2008 S$'000	2007 S$'000
Sales	(15,497)	(17,116)
Purchases	26,159	29,207
Interest income	-	(20)

25 OPERATING LEASE COMMITMENTS

Rental expenses (principally for land, offices, retail outlets, service centres and base stations) were S$23,170,000 and S$22,481,000 for the financial years ended 31 December 2008 and 2007 respectively.

The Group leases various properties and the future minimum lease payments are as follows:

	Group		Company	
	2008 S$'000	2007 S$'000	2008 S$'000	2007 S$'000
Within one financial year	14,361	11,926	10,565	8,795
After one financial year but not more than five financial years	17,221	16,223	14,971	13,765
More than five financial years	9,993	12,357	9,993	12,357
	41,575	40,506	**35,529**	34,917

NOTES TO THE FINANCIAL STATEMENTS

26 SHARE OPTIONS

The Company has an employee share option scheme, MobileOne 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 Low Huan Ping 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:

Granted on 9 November 2002:

	Balance at 1 January 2008	Exercised	Cancelled*	Balance at 31 December 2008	Subscription price
Directors	-	-	-	-	S$1.25
Executive officers	212,000	212,000	-	-	S$1.25
Other employees	10,000	-	-	10,000	S$1.25
Total	222,000	212,000	-	**10,000**	-

Granted on 4 February 2004:

	Balance at 1 January 2008	Exercised	Cancelled*	Balance at 31 December 2008	Subscription price
Directors	360,000	-	-	360,000	S$1.50
Executive officers	374,000	30,000	-	344,000	S$1.50
Other employees	171,000	39,000	-	132,000	S$1.50
Total	905,000	69,000	-	**836,000**	-

NOTES TO THE FINANCIAL STATEMENTS

26 SHARE OPTIONS (continued)

Granted on 3 February 2005:

	Balance at 1 January 2008	Exercised	Cancelled*	Balance at 31 December 2008	Subscription price
Directors	1,000,000	-	-	1,000,000	S$1.81
Executive officers	1,595,700	420,000	-	1,175,700	S$1.81
Other employees	2,162,000	356,000	-	1,806,000	S$1.81
Total	4,757,700	776,000	-	**3,981,700**	-

Granted on 2 February 2006:

	Balance at 1 January 2008	Exercised	Cancelled*	Balance at 31 December 2008	Subscription price
Directors	880,000	-	-	880,000	S$2.21
Executive officers	1,866,000	-	(44,000)	1,822,000	S$2.21
Other employees	3,271,000	-	(144,000)	3,127,000	S$2.21
Total	6,017,000	-	(188,000)	**5,829,000**	-

Granted on 6 February 2007:

	Balance at 1 January 2008	Exercised	Cancelled*	Balance at 31 December 2008	Subscription price
Directors	940,000	-	-	940,000	S$2.17
Executive officers	2,040,000	-	(119,000)	1,921,000	S$2.17
Other employees	3,450,000	-	(266,000)	3,184,000	S$2.17
Total	6,430,000	-	(385,000)	**6,045,000**	-

Granted on 11 February 2008:

	Balance at 1 January 2008	Exercised	Cancelled*	Balance at 31 December 2008	Subscription price
Directors	940,000	-	-	940,000	S$1.90
Executive officers	2,210,000	-	(238,000)	1,972,000	S$1.90
Other employees	4,325,000	-	(328,000)	3,997,000	S$1.90
Total	7,475,000	-	(566,000)	**6,909,000**	-

* 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.

NOTES TO THE FINANCIAL STATEMENTS

26 SHARE OPTIONS (continued)

The weighted average fair value of options granted during the financial year was S$0.24 (2007: S$0.27).

The weighted average share price at the date of exercise of the options exercised during the financial year was S$2.00 (2007: S$2.17).

The weighted average remaining contractual life for options outstanding at the end of the financial year is 7.7 years (2007: 8.1 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 commence-ment of Scheme to end of financial year	Aggregate options exercised since commence-ment of Scheme to end of financial year	Aggregate options outstanding at end of financial year	Subscription Price
Neil Montefiore (resigned on 1 February 2009)	940,000	7,660,000	(3,540,000)	4,120,000	$1.25 – $2.21

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 used for the years ended 31 December 2008 and 31 December 2007 are shown below:

Date of grant	11 Feb 2008	6 Feb 2007
Dividend Yield (%)	7.83	5.90
Expected Volatility (%)	26	27
Risk-free interest rate (%)	1.84	2.99
Expected life of option (years)	3.1	3.1
Share price (S$)	1.89	2.17
Exercise price (S$)	1.90	2.17

The expected life of the option is based on historical date and is not necessary 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

27 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. To this extent, financial instruments are used to cover potential commercial exposures and are not held for trade or speculative purposes.

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 2008, after taking into account the effect of interest rate swap, 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 balance sheet date, such foreign currency balances (mainly in USD and Euro) amount to S$2,107,000 (2007: S$324,000) 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 balance sheet 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 that meet short term funding requirements.

NOTES TO THE FINANCIAL STATEMENTS

27 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk (continued)

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

	2008			2007		
	1 year or less S$'000	1 to 5 years S$'000	Total S$'000	1 year or less S$'000	1 to 5 years S$'000	Total S$'000
Group						
Creditors	156,377	-	156,377	173,017	-	173,017
Other liabilities and derivatives	49,798	-	49,798	54,702	-	54,702
Borrowings	-	250,000	250,000	35,000	250,000	285,000
	206,175	250,000	**456,175**	262,719	250,000	512,719

	2008			2007		
	1 year or less S$'000	1 to 5 years S$'000	Total S$'000	1 year or less S$'000	1 to 5 years S$'000	Total S$'000
Company						
Creditors	144,682	-	144,682	157,403	-	157,403
Other liabilities and derivatives	51,781	-	51,781	59,189	-	59,189
Borrowings	-	250,000	250,000	35,000	250,000	285,000
	196,463	250,000	**446,463**	251,592	250,000	501,592

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 counter-parties fail to perform their obligations as of 31 December 2008 in relation to each class of recognised financial assets, other than derivatives, is the carrying amount of those assets as indicated in the balance sheets.

NOTES TO THE FINANCIAL STATEMENTS

28 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.

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, due to related parties and borrowings, 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 balance sheet date.

29 DERIVATIVES

As at 31 December 2008, the Company has two (2007: three) interest rate swap agreements in place with total notional amount of S$250 million, whereby it receives interest at the variable Singapore Dollar Swap Offer Rate and pays interest at a fixed Singapore Dollar rate of 2.33% to 2.80% (2007: of 2.61% to 2.80%) per annum semi-annually every November and May.

These swaps are designated as cash flow hedges and being used to hedge the cash flow interest rate risk of the Company's floating rate long-term loans. The interest rate swaps and the floating rate long-term loans have the same critical terms and notional amount of S$250 million.

The fair value (liability position) of the interest rate swaps at 31 December 2008 was S$2,627,000 (2007: S$314,000), which is included in hedging reserve. There was no impact to profit and loss statement.

30 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.

NOTES TO THE FINANCIAL STATEMENTS

30 CAPITAL MANAGEMENT (continued)

	Group		Company	
	2008 S$'000	2007 S$'000	2008 S$'000	2007 S$'000
Borrowings				
- Current	-	35,000	-	35,000
- Non-current	250,000	250,000	250,000	250,000
Cash and cash equivalents	17,787	23,087	17,548	22,926
Shareholders' equity	223,232	201,911	220,905	204,098

31 DIVIDENDS

	Group and Company	
	2008 S$'000	2007 S$'000
Declared and paid during the financial year:		
Final – the previous year		
8.3 cents (2007: 7.5 cents) per ordinary share (one-tier tax)	**74,264**	74,406
Interim – the current year		
6.2 cents (2007: 2.5 cents) per ordinary share (one-tier tax)	**55,486**	22,338
	129,750	96,744
Proposed but not recognised as a liability as at 31 December:		
Final		
7.2 cents (2007: 8.3 cents) per ordinary share (one-tier tax)	**64,435**	74,192

The directors propose that a final dividend of 7.2 cents per ordinary share (one-tier tax) in respect of the financial year ended 31 December 2008 for approval by shareholders at the forthcoming Annual General Meeting of the Company.

32 AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements for the year ended 31 December 2008 were authorised for issue in accordance with a resolution of the directors on 2 February 2009.

MAJOR PROPERTIES

Name	:	Main Operations Centre (MOC)
Use	:	Head office and Switch Centre
Address	:	10 International Business Park, Singapore 609928
Land Area (Sq m)	:	8,441
Date of Purchase	:	8 October 1996
Lease of Expiry Date*	:	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
Lease of Expiry Date*	:	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
Lease of Expiry Date*	:	30 May 2020

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

STATISTICS OF SHAREHOLDINGS

As at 2 March 2009

Issued and fully paid-up capital : S$116,256,612.72
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	3,524	47.99	2,890,392	0.32
1,000 – 10,000	3,262	44.42	11,046,965	1.23
10,001 – 1,000,000	547	7.45	24,859,335	2.78
1,000,001 and above	10	0.14	856,168,090	95.67
Total	**7,343**	**100.0**	**894,964,782**	**100.0**

TWENTY LARGEST SHAREHOLDERS

No.	Size of Shareholdings	No. of Shares	%
1.	RAFFLES NOMINEES PTE LTD	279,802,119	31.26
2.	KEPPEL TELECOMS PTE LTD	178,864,000	19.99
3.	SPH MULTIMEDIA PTE LTD	124,453,000	13.91
4.	HSBC (SINGAPORE) NOMINEES PTE LTD	108,541,998	12.13
5.	DBS NOMINEES PTE LTD	76,393,620	8.54
6.	CITIBANK NOMINEES SINGAPORE PTE LTD	52,073,292	5.82
7.	DBSN SERVICES PTE LTD	22,219,594	2.48
8.	UNITED OVERSEAS BANK NOMINEES PTE LTD	9,627,035	1.08
9.	DB NOMINEES (S) PTE LTD	2,863,432	0.32
10.	MORGAN STANLEY ASIA (SINGAPORE) SECURITIES PTE LTD	1,330,000	0.15
11.	MERRILL LYNCH (SINGAPORE) PTE LTD	743,932	0.08
12.	DBS VICKERS SECURITIES (S) PTE LTD	651,800	0.07
13.	BNP PARIBAS NOMINEES SINGAPORE PTE LTD	580,350	0.06
14.	CHIA KUM HO	500,000	0.06
15.	PRIMA PORTFOLIO PTE LTD	495,000	0.06
16.	OVERSEA-CHINESE BANK NOMINEES PTE LTD	494,000	0.06
17.	YEO SENG KIA	490,000	0.05
18.	OCBC SECURITIES PRIVATE LTD	448,060	0.05
19.	CHAN KAM FAI	446,780	0.05
20.	LEE PINEAPPLE COMPANY PTE LTD	418,500	0.05
Total		**861,436,512**	**96.27**

STATISTICS OF SHAREHOLDINGS

As at 2 March 2009

SUBSTANTIAL SHAREHOLDERS

Name	No. of Shares: Direct Interest	Deemed Interest	Total Interest	%
SunShare Investments Ltd	265,410,150	-	265,410,150	29.66
Khazanah Nasional Berhad	-	265,410,150[1]	265,410,150	29.66
TM International Bhd	-	265,410,150[1]	265,410,150	29.66
Temasek Holdings (Pte) Ltd	-	179,725,360[2]	179,725,360	20.08
Keppel Telecoms Pte Ltd	178,864,000	-	178,864,000	19.99
Keppel Communications Pte Ltd	-	178,864,000[3]	178,864,000	19.99
DataOne (Asia) Pte Ltd	-	178,864,000[3]	178,864,000	19.99
Keppel Telecommunications & Transportation Ltd	-	178,864,000[3]	178,864,000	19.99
Keppel Corporation Limited	-	178,864,000[3]	178,864,000	19.99
SPH Multimedia Private Limited	124,453,000	-	124,453,000	13.91
Singapore Press Holdings Limited	-	124,453,000[4]	124,453,000	13.91

NOTES:

[1] Each of Khazanah Nasional Berhad and TM International Bhd are deemed to be interested in the 265,410,150 Shares held by SunShare Investments Ltd pursuant to Section 7 of the Companies Act.

[2] Temasek Holdings (Pte) Ltd is deemed to be interested in the 179,725,360 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.

[3] Keppel Communications Pte Ltd, DataOne (Asia) 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.

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

FREE FLOAT

Approximately 36.44% 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
Roger Barlow
Chow Kok Kee
Dato' Sri Jamaludin Ibrahim
Low Huan Ping
Alan Ow Soon Sian
Reggie Thien
Thio Su Mien
Patrick Yeoh Khwai Hoh
Dato' Yusof Annuar Yaacob

AUDIT COMMITTEE
Reggie Thein, Chairman
Alan Ow Soon Sian
Thio Su Mien
Patrick Yeoh Khwai Hoh

REMUNERATION COMMITTEE
Roger Barlow, Chairman
Chow Kok Kee
Low Huan Ping
Teo Soon Hoe

NOMINATING COMMITTEE
Thio Su Mien, Chairman
Reggie Thein
Patrick Yeoh Khwai Hoh

COMPANY SECRETARY
Anil Sachdev s/o Danesh Kumar

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