NEXT IS HERE...

ANNUAL REPORT 2009

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THE

NEXT

GENER

FIBRE NETWORK
IS HERE

ATION

NEXT IS HERE reflects an exciting time for Singapore's communications and infotainment industry and for M1. With the upcoming launch of a full fibre network for fixed broadband, consumers can expect faster surfing speeds and a richer-than-ever multimedia experience.

THE

NEXT

LEVE

OF SERVICE EXCELLENCE FOR M1 CUSTOMERS IS HERE

L

M1 rolled out the company-wide Customer Centric Initiative (CCI) programme in 2009 and embarked on a journey to raise service standards in the industry. Leading the way towards greater service excellence, the CCI programme sets M1 ahead of its competitors, enabling the Company to deliver service aimed at meeting and exceeding customers' expectations, and lifting their experience with M1 to a new level.

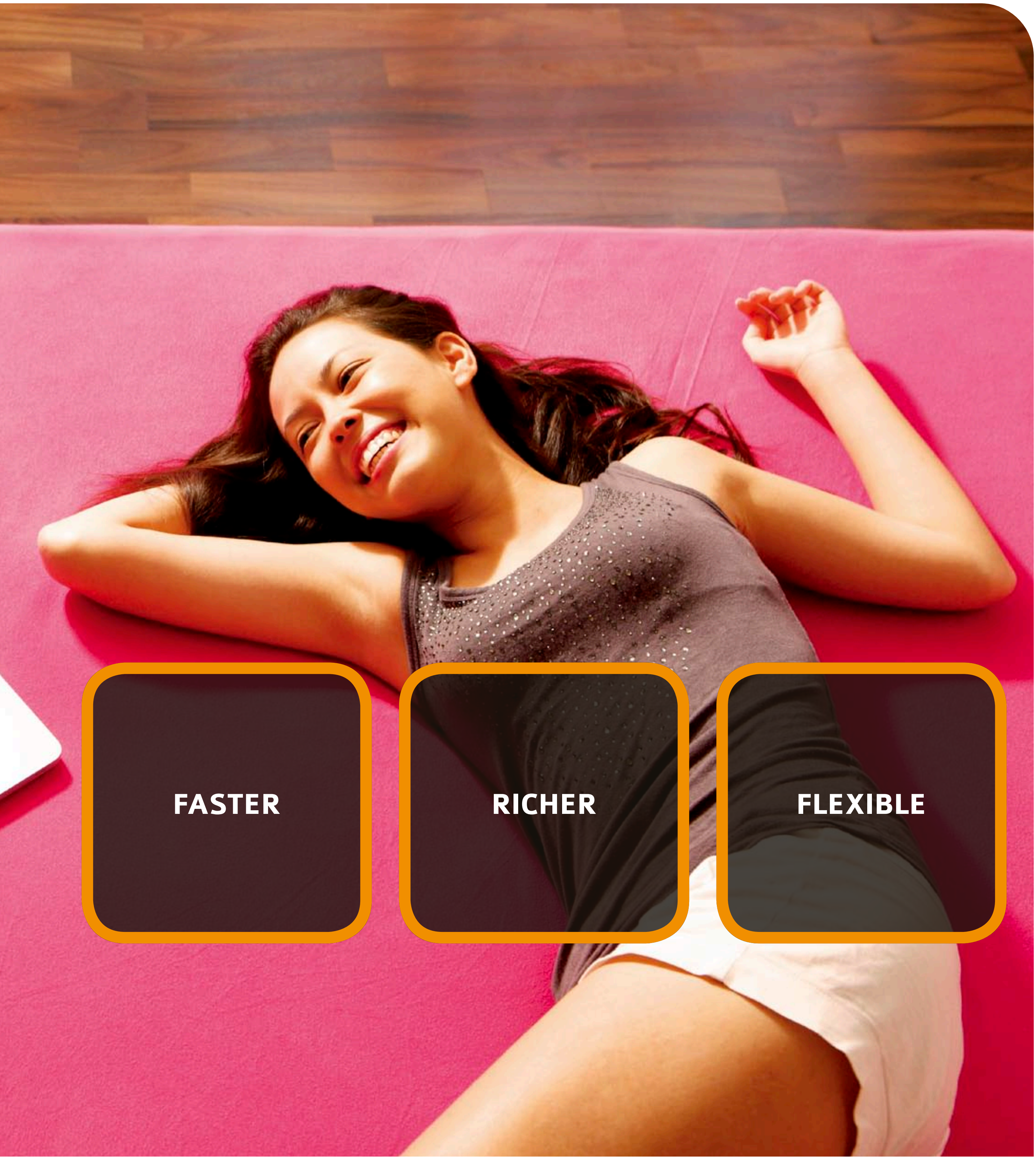
COMPLETE AND RELEVANT SOLUTIONS FOR BUSINESSES

NOW

M1 offers an ever-expanding range of broadband products, services and solutions to enterprises of all sizes, delivering a wealth of benefits to companies in all business sectors. With M1's Managed Services, enterprises can leverage the benefits of lower IT operational costs, high scalability and optimised networks, to achieve higher productivity. M1's co-location, dedicated and shared server hosting services are engineered to provide enterprises with the security, power and support needed for their daily IT operations.

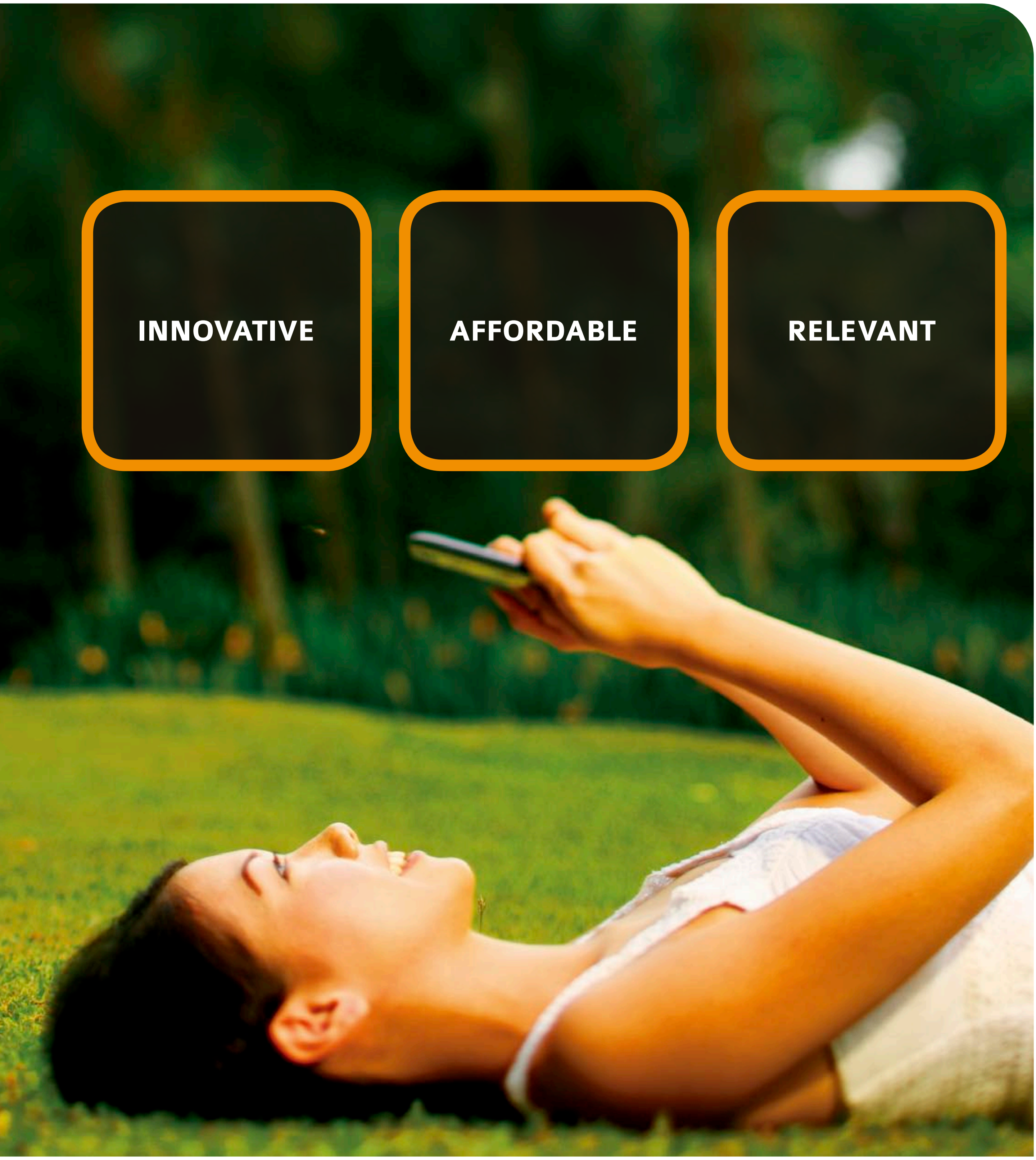
IT'S HERE

GREATER FLEXIBILTY
AND CHOICE FOR HOMES



M1 now provides a wide range of advanced telecommunications services to keep the whole family connected. Whether it is richer entertainment experiences, high-speed fixed broadband to keep the kids ahead at schoolwork, or work-from-home enablers like mobile broadband to help mum and dad stay on top of their careers, M1 delivers next-generation connectivity in a flexible, reliable and family-friendly way.

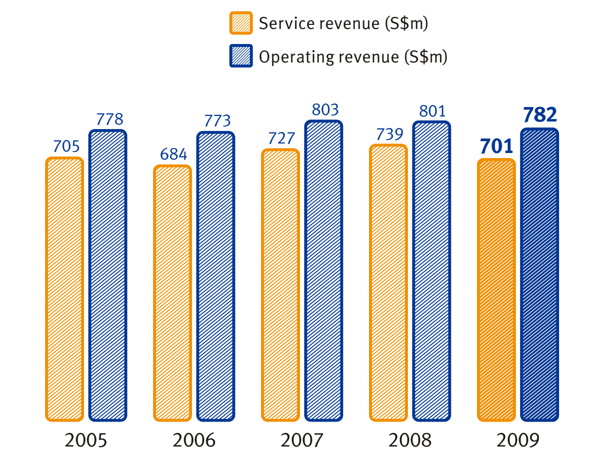

IT'S
HERE
ADVANCED MOBILITY SOLUTIONS
LIKE NEVER BEFORE



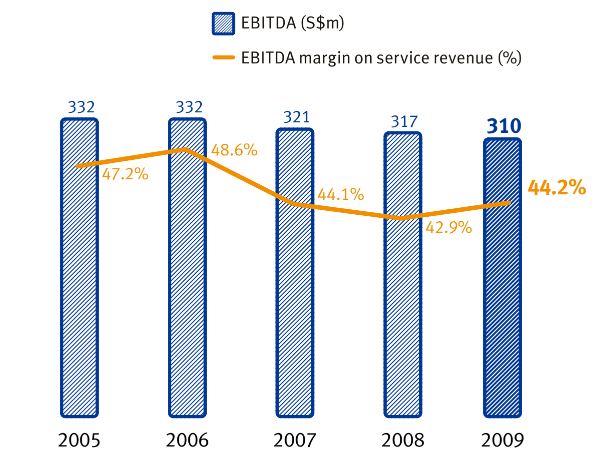
M1 lightens the load with advanced communications solutions that simply make life sweeter. In addition to a faster mobile network offering top speeds of up to 28Mbps, M1 is blazing new trails in voice and data solutions. The innovative Take3 programme makes it easy for customers to take a handset of their choice, at no upfront cost, while M1's data plans allow customers to take advantage of the many features of new smart phones with low rates, capped usage charges and generous free bundles.

PERFORMANCE HIGHLIGHTS

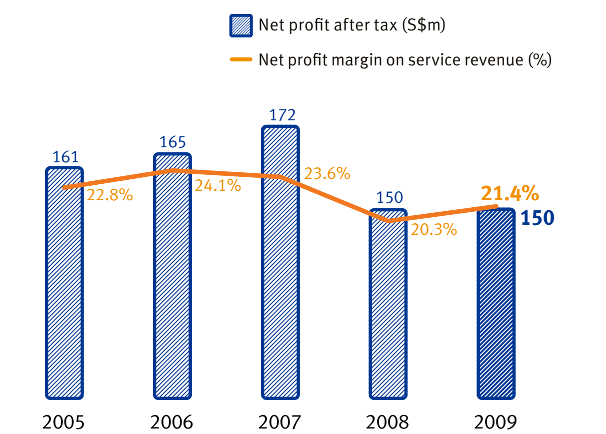
Operating Revenue and Service Revenue



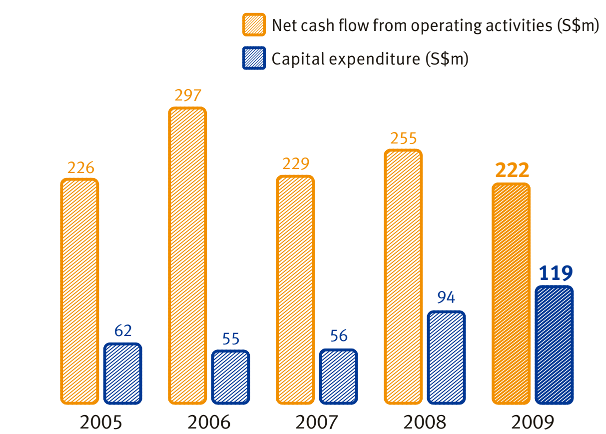
EBITDA



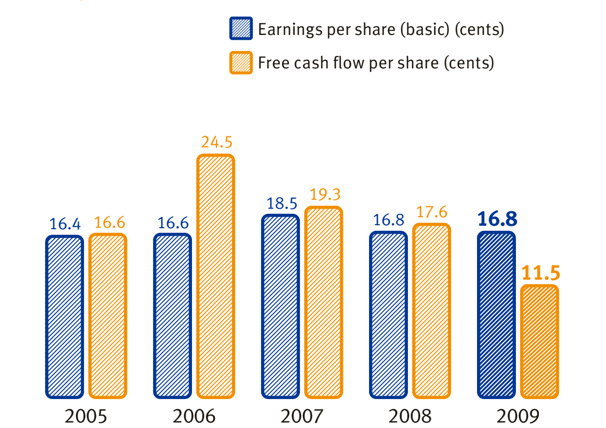
Net Profit after Tax



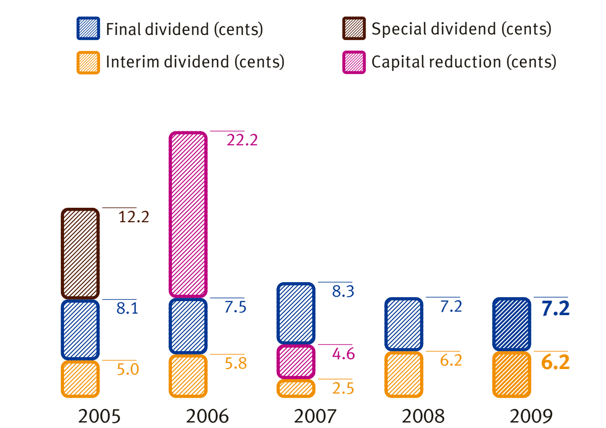
Cashflow and Capital Expenditure



Earnings and Free Cash Flow Per Share



Cash Return Per Share (Declared)



Operating Highlights	2009	2008	Change (%)
Number of mobile customers ('000)			
Postpaid	912	882	3.4
Prepaid	846	748	13.1
Total	1,758	1,630	7.9
Market shares* (%)			
Postpaid	26.5	27.0	-
Prepaid	24.9	24.3	-
Overall	25.7	25.7	-
Singapore mobile penetration rate* (%)	137.4	131.0	-
Average revenue per user (ARPU, S$ per month)			
Postpaid (excludes Data plan)	60.4	63.9	-5.5
Data plan	22.2	28.4	-21.8
Prepaid	15.2	17.3	-12.1
Non-voice services as a % of service revenue	26.0	23.4	-
Minutes of use per active customer (MOU, minutes per month)			
Postpaid	356	352	1.1
Prepaid	250	199	25.6
Total international retail minutes (million)	727	526	38.2
Average monthly churn rate (%)	1.6	1.6	-
Acquisition cost per postpaid customer (S$)	253	236	7.2

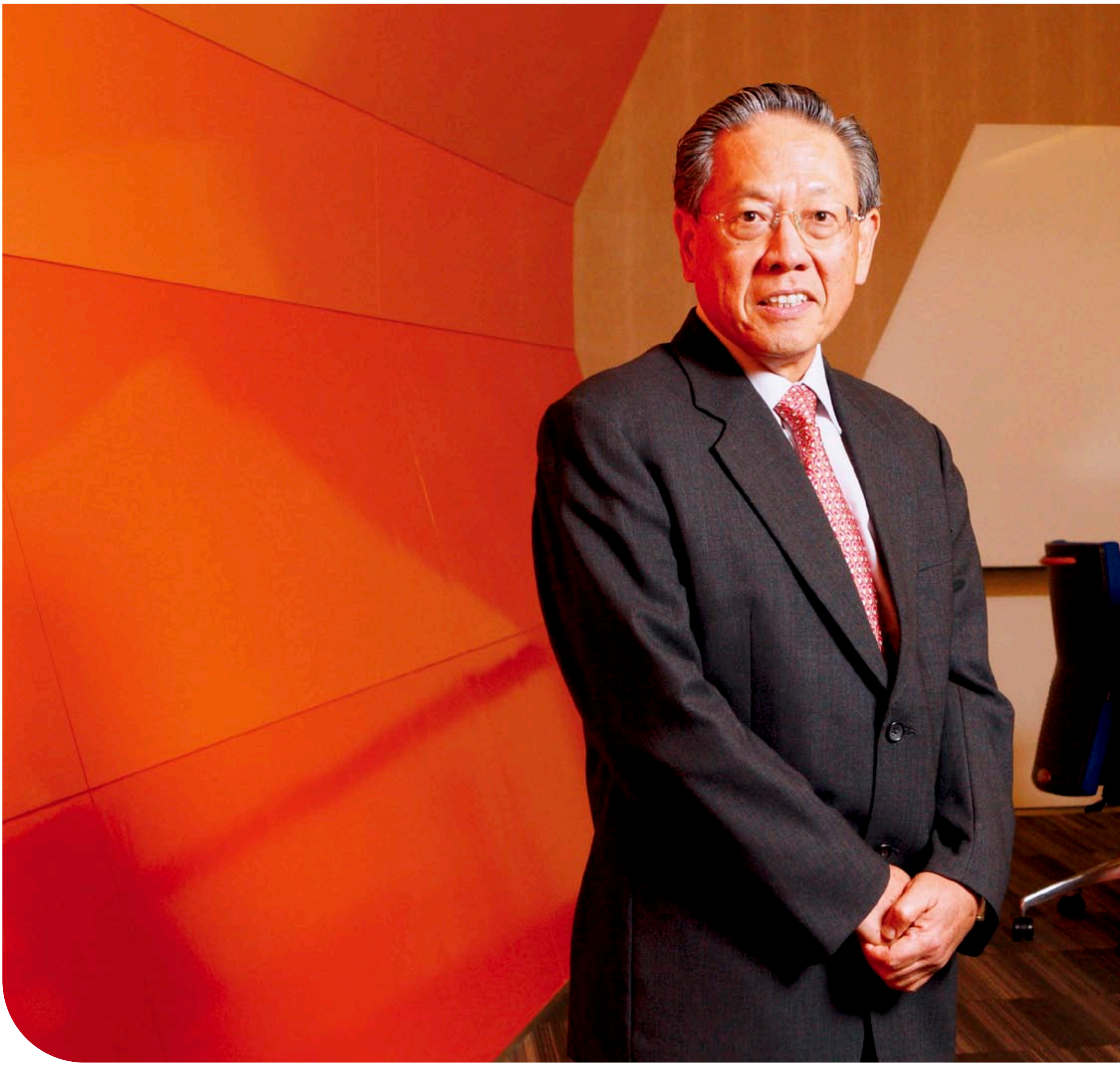
* *Based on IDA statistics as at December*

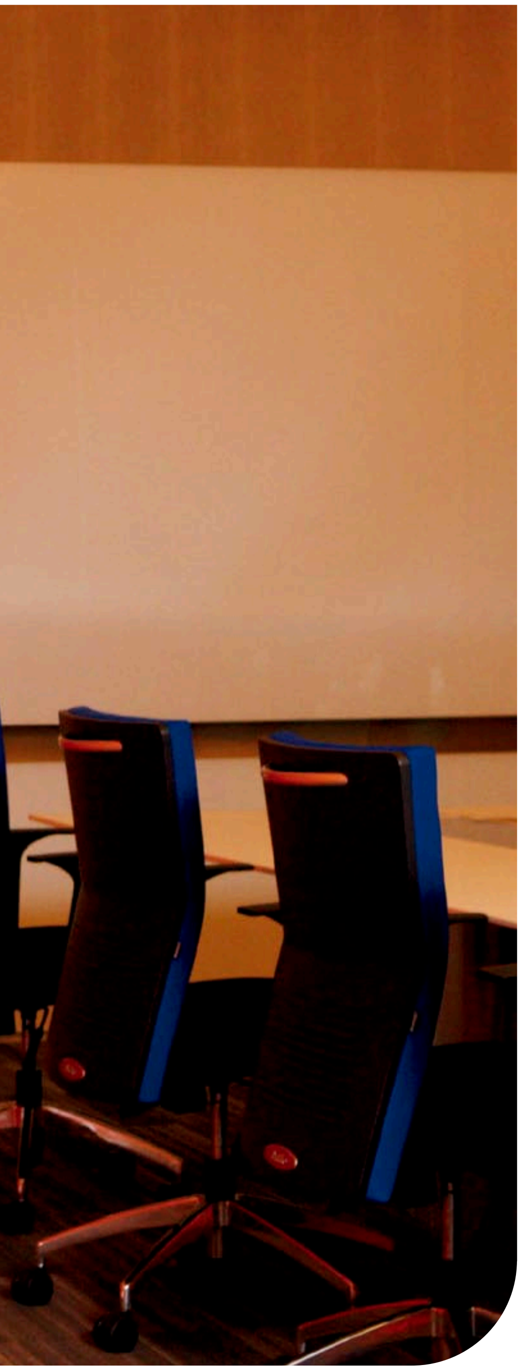
Financial Highlights	2009	2008	Change (%)
Operating Revenue (S$m)	781.6	800.6	-2.4
Mobile telecommunications services	565.7	601.2	-5.9
International call services	128.4	137.1	-6.3
Fixed network	6.6	0.2	@
Handset sales	80.9	62.1	30.2
EBITDA (S$m)	309.7	316.5	-2.1
Net profit after tax (S$m)	150.3	150.1	0.1
Per share (cents)			
Earnings (basic)	16.8	16.8	0.0
Cash payout (declared)	13.4	13.4	0.0
Net assets	28.6	24.9	14.9
ROE (%)	62.7	70.6	-
ROCE (%)	31.4	32.8	-

Note: Figures may not add up due to rounding off

@ *denotes more than -/+ 300%*

CHAIRMAN'S STATEMENT





"WITH THE SUPPORT OF ALL STAKEHOLDERS, M1 HAS THE ABILITY AND CAPACITY TO SEIZE NEW GROWTH OPPORTUNITIES AND TRANSFORM ITSELF INTO A DYNAMIC FULL SERVICE OPERATOR, CREATING LONG-TERM VALUE FOR ALL."

RESULTS

In 2009, M1 achieved a net profit after tax of S$150.3 million, which is comparable to the previous year. Amidst a very challenging economic environment, operating revenue decreased 2.4% to S$781.6 million, mainly due to the 5.1% decline in service revenue. With ongoing cost management initiatives, EBITDA margin on service revenue improved 1.3% points to 44.2%. The Board is recommending a final dividend of 7.2 cents per share, bringing full year dividend to 13.4 cents per share, or 80% of net profit after tax.

MARKET

M1 delivered a creditable performance in 2009. In the first half of the year, the economic downturn led to job losses and decline in economic activities, which contributed to a reduction in consumer spend, particularly in roaming and international call services. The second half saw a gradual improvement in global economic conditions and stabilisation in roaming traffic, but continued weakness in consumer spend. M1 responded to the changing economic and operating conditions early and managed operating costs accordingly. Pre-emptive measures introduced during the economic slowdown included a wage freeze and reduced discretionary costs. As a result, M1 continues to lead in profitability for mobile operations against its peers, despite the pressure on revenue.

CHAIRMAN'S STATEMENT

STRATEGY

In 2007, M1 initiated a new strategy in anticipation of the changes in the telecommunications ecosystem, resulting from the rapid convergence of communications and entertainment services, as well as increasing interdependence of devices, networks, application services and content. In summary, we kick-started the process to transform M1 from a single play mobile operator into a dynamic full-service operator. The introduction of the Next Generation Nationwide Broadband Network (NGNBN) in 2010 will allow us to compete more effectively against multi-play competitors. 2009 saw M1 continuing its drive as a full service operator. During the year, M1 acquired a corporate Internet Service Provider (ISP) and commenced offering integrated solutions for enterprises, as well as expanded fixed broadband offerings with the introduction of Asymmetric Digital Subscriber Line (ADSL) service plans.

OUTLOOK

Looking ahead, 2010 will likely remain a challenging year. Although there are signs of a global economic recovery, the year ahead remains uncertain in view of dependency on government stimulus and other external factors. While the Singapore government currently expects our economy to grow between 4.5% and 6.5% in 2010, Singapore is an open economy and will be impacted by global conditions. Nevertheless, there is excitement within the telecommunications industry. The much anticipated commercial launch of NGNBN, scheduled in the second quarter of 2010, will level the playing field for M1 and open up new growth opportunities. M1 is well positioned to meet the challenges. We will capitalise and further build on our strong foundation, including outstanding service quality and innovative products and services, to entrench the Group as the preferred communications service provider. At the same time, M1 will continue to seek operational efficiency and remain agile to changes in operating conditions.

SHAREHOLDER VALUE

M1 remains committed to enhance long-term shareholder value and maintain a sustainable payout policy for our shareholders. The share price has performed well in 2009, and when combined with dividend payouts, total shareholders' return was a healthy 34.9% for the year. Looking ahead, M1 will continue to review its capital structure regularly to support its business requirements, and growth opportunities so as to create shareholder value.

NEW LEADERSHIP AND PEOPLE

After an extensive internal and external search by the Board's appointed Nominating Committee, I am pleased to see the appointment of Ms Karen Kooi as M1's new Chief Executive Officer in April 2009 and welcome her to the Board. Karen has strong leadership credentials and financial experience, along with significant expertise in the telecommunications industry. Previously as Chief Financial Officer, she played a key role in the growth and success of M1 and was intimately involved in all the major strategic decisions for the Company. With her capabilities, drive and proven track record and the strong support of the management team and staff, the Directors and I are confident that she will be able to lead M1 in its next phase of growth.

On behalf of the Board, I would like to thank all M1 staff for their hard work and dedication during this difficult economic climate. While the future may be challenging, I strongly believe that with the support of all stakeholders, M1 has the ability and capacity to seize new growth opportunities and transform itself into a dynamic full service operator, creating long-term value for all.

Teo Soon Hoe
Chairman

CEO'S STATEMENT

"THE CHALLENGES AND UNCERTAINTIES WILL DEMAND THE BEST OF US AND THAT IS THE SPIRIT IN WHICH I INTEND TO TAKE THE BUSINESS FORWARD."

It is my pleasure to be reporting to you as Chief Executive Officer of M1, and I am honoured to have the opportunity of leading this great company for which I have been part of since its beginning. What makes M1 great is the people, whose collective ideas, talent, expertise and commitment have made M1 the dynamic company that it is today. M1 certainly has come a long way and today, it is a well-known brand name, synonymous with innovative products and services, superior network performance and class-leading customer experience – all of which are vital, given the intense nature of the competitive and economic environment. The market in which we operate is constantly evolving and we need to stay ahead. The challenges and uncertainties will demand the best of us and that is the spirit in which I intend to take the business forward.

CEO'S STATEMENT

RESULTS

To the credit of all at M1, we delivered a resilient performance in 2009, despite the difficult economic and operating conditions. Operating revenue for the year declined 2.4% to S$781.6 million, as a result of revenue declines in the postpaid mobile and international call segments. Postpaid mobile revenue decreased 6.7% as the year saw lower voice usage and roaming revenue, while international call revenue decreased 6.3% due to the decline in roaming traffic. Prepaid mobile revenue was stable compared to last year, as the impact of lower ARPU was offset by the higher customer base. Handset sales increased 30.2%, driven by the higher volume of handsets sold, while fixed network revenue of S$6.6m was attributable to corporate customers. Continual growth in the M1 Mobile Broadband customer base raised revenue from non-voice services to 26.0% of service revenue, against 23.4% a year ago. Ongoing cost management measures helped contain operating costs and net profit after tax, at S$150.3m, was comparable to last year. As at end 2009, the Group remained comfortably geared, with net debt-to-EBITDA ratio at 0.8 times.

OPERATIONAL HIGHLIGHTS

During the year, we added 128,000 customers, with growth driven by M1 Mobile Broadband and prepaid customers. Key mobile products and services launched in 2009 include the Take3 programme which offers customers the flexibility of handsets without purchase, as well as the SuperPac plan, a no-contract plan packed with postpaid benefits. In December, we launched the iPhone to overwhelming response, thanks in part to the new unique service plans which meet the needs of this group of customers. To ensure that our customers always enjoy a rich mobile experience, we upgraded our 3G network to support speeds of 21 Mbps nationwide and 28 Mbps in selected areas. We also commenced modernisation of our 2G network to add internet protocol capability. This will provide a smooth transition path towards the next stage of upgrade, known as Long Term Evolution (LTE), and achieve up to 35% reduction in carbon footprint. In the fixed space, we strengthened our presence in the enterprise segment and enhanced our service offerings to include broadband, managed services and data centre services. For homes, we expanded our fixed broadband offerings to include ADSL broadband to complement our cable modem services.

Operating efficiency remains a priority and in 2009, M1 continued to be disciplined in cost management and reviewed internal processes regularly. This consistent approach has enabled M1 to better respond to the tough economic conditions. Together with the introduction of several pre-emptive measures, including headcount and wage freeze, and reduced discretionary costs, M1 was able to avoid staff retrenchment, as well as mitigate the pressure on earnings. The rollout of the fibre core of our backhaul transmission network was completed in late 2009, and we expect to see progressive cost avoidance and savings from 2010 onwards, as the microwave hubs are increasingly cut over to our fibre core.

OUTLOOK

While the NGNBN is scheduled to be commercially launched in 2010, the home and office reach across Singapore will be progressive, with network coverage expected to reach 95 per cent by 2012. Therefore, initial contribution from this segment is not likely to be impactful. Nevertheless, its launch will mark a major milestone for M1, as it levels the playing field and we will be able to offer a more comprehensive suite of fixed and mobile services to both retail and corporate customers. We will also be able to offer flexible bundling of fixed and mobile, voice and data services to meet the diverse needs of our customers. Over the past 2 years, significant efforts were made to gear up the Group to be operationally ready for these new lines of business, including the recently completed acquisition of a corporate ISP, now known as M1 Connect.

We continue to invest for future growth, to strengthen our core competencies and support new business areas, especially relating to the NGNBN. We conducted a LTE demonstration in February 2010 and will upgrade our mobile network during the year to achieve downlink speed of 42 Mbps. These initiatives, among others, will enable M1 to continue to lead in performance and reliability.

COMMUNITY

M1 has maintained an active engagement with the community through our social responsibility programme that continued to focus on the arts and causes related to the young in Singapore.

The annual M1 Singapore Fringe Festival remained integral to M1's support of the arts which also encompassed the encouragement of young talent in the arts institutions. In recognition of this longstanding contribution, M1 was conferred the Distinguished Patron of the Arts award by the National Arts Council for the eighth consecutive year.

In the charity sector, M1 continued to support causes for children that included long-term beneficiaries such as CARE (Children-at-Risk Empowerment Association) and Beyond Social Service as well as new ones like Singapore Children's Association and Children's Cancer Foundation. In keeping with the M1 tradition, M1 employees and business partners actively participated in various fund-raising projects organized by the Company.

IN CLOSING

In closing, I would like to thank all M1 employees for their hard work, commitment and unwavering support under the heavy demands of a difficult year. I also would like to express my deep appreciation to our Board of Directors for their fore-thought and steadfastness in guidance and support of our strategic goals. Last but not least, I thank our customers and shareholders for making the journey with us and I look forward to an exciting year ahead.

Karen Kooi
Chief Executive Officer

OPERATING AND FINANCIAL REVIEW

COMPANY OVERVIEW

M1 is an established infocomm brand that provides cellular mobile communications services to over 1.75 million customers in Singapore, international call services to mobile and fixed-line users, wireless broadband services to home, mobile and business users, and fixed broadband services to home and business 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 and business voice and data communications. Customers subscribe to M1's mobile services on either a postpaid or prepaid basis through a variety of price plans. M1's wireless broadband service - M1 Mobile Broadband, was launched in 2006, offering customers a choice of service plans at different access speeds. In 2008, M1 became a full-fledged broadband service provider when it introduced M1 Fixed Broadband service for home users. M1 took a further step forward in 2009 with its acquisition of a corporate Internet Service Provider (ISP), giving the Company access to the corporate fixed services space.

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 Downlink Packet Access (HSDPA) to increase network efficiency and support broadband services. The HSPA network was further upgraded in 2008 to support High Speed Uplink Packet Access (HSUPA) and is currently capable of supporting downlink and uplink throughputs of up to 28Mbps and 3Mbps respectively.

The Company holds Facilities-Based Operator (FBO) licences for the provision of telecommunication systems and services and a telecommunication dealer's class licence, issued by the Info-communications Development Authority of Singapore (IDA). In addition, the Company also holds an Internet access service provider licence issued by the Media Development Authority

(MDA). M1's wholly-owned subsidiaries M1 Net Ltd. and M1 Connect Pte. Ltd. both hold a Service Based Operator (SBO) licence issued by the IDA and an Internet access service provider licence issued by the MDA.

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

In 2009, M1 achieved a net profit after tax of S$150.3 million, which was comparable to 2008. Net profit margin on service revenue was 21.4%, higher than 20.3% in 2008. Operating revenue and service revenue declined by 2.4% and 5.1% respectively. Earnings before interest, taxes, depreciation and amortisation (EBITDA) decreased by 2.1% to S$309.7 million while EBITDA margin on service revenue was 44.2%, up from 42.9% in 2008.

As at 31 December 2009, M1 had a total of 1,758,000 mobile customers, comprising 912,000 postpaid customers and 846,000 prepaid customers. Based on market statistics published by IDA, as at 31 December 2009, M1's overall market share of the mobile customer base was 25.7%, comprising a postpaid share of 26.5% and a prepaid share of 24.9%.

MARKET DEVELOPMENTS

Based on statistics published by IDA, as at 31 December 2009, Singapore's cellular mobile penetration was 137.4%, which was 6.4 percentage points higher than that a year ago. Out of the total market mobile subscriber base of 6,851,900, 50.3% were postpaid subscribers and 49.7% were prepaid subscribers.

In April 2009, the Infocomm Development Authority (IDA) appointed the Operating Company (OpCo) for the Next Generation Nationwide Broadband Network (NGNBN), and moved one step closer to bringing ultra high speed broadband to all physical addresses in Singapore. The NGNBN, to be commercially launched in 2010, will provide a neutral and transparent Open Access environment where M1 can compete more effectively in the fixed space.

POSTPAID MOBILE

The mobile segment remains pivotal to M1's business, and in particular, the postpaid segment continues to be a major contributor. As at 31 December 2009, M1's postpaid customers formed 51.9% of its total mobile customer base, and contributed 87.3% of its total mobile telecommunications revenue in 2009. In line with M1's strategy to grow non-voice usage, contribution from non-voice services rose to 26.0% of service revenue, from 23.4% in 2008, driven mainly by growth in the mobile broadband customer base.

OPERATING AND FINANCIAL REVIEW

M1 started the year with the launch of Take3 in February, an innovative and customer-friendly handset programme that was the first of its kind in Singapore. Take3 provides customers with handsets, thereby freeing them from incurring upfront expenses for such purchases. Customers simply sign up for their desired bill plan from a choice of four plans, take a handset within the eligible bill plan and exchange it for another handset from as early as nine months into their contractual period. The programme, introduced in response to customer feedback for greater flexibility, was well received by customers.

M1's continued efforts to give customers more value and choice saw the introduction of the SuperPac Plan in September. This is an innovative tariff plan that allows customers to enjoy the benefits of postpaid mobile services without contractual commitments. The plan, which comes with benefits such as all-day free local incoming calls, free local outgoing calls and 3G data surfing from 12.00am to 10.00am daily, as well as free IDD calls to 19 destinations, serves the needs of cost-conscious customers who are able to track their spending without foregoing the benefits of the postpaid plan that they are accustomed to.

The year ended on a high note with the launch of iPhone in December, and the introduction of tariff plans that led the market with attractive value propositions. Customers may choose from a range of new 3G tariff plans tailored to the iPhone. These include getting the phone at no upfront cost on the Take3 programme, monthly subscriptions starting from as low as $36, or among other things, a generous data bundle for surfing the Internet and downloading from a vast suite of online applications.

PREPAID MOBILE

Despite aggressive market competition, M1's prepaid customer base grew 13.1% over the previous year to 846,000, driven mainly by numerous marketing programmes aimed at addressing both the mass market and niche segments. These include:

- M Card promotions to drive usage and attract customers from foreign segments, such as Malaysia, Vietnam, the Philippines and Indonesia,
- Attractive IDD 021 rates for calls to India and Bangladesh on M Card,
- A wider choice of top-up value denominations and top-up methods, such as credit card payment for top-ups done through the Internet.

To strengthen links with the fast-growing base of foreign customers, M1 sponsored several events in celebration of the Myanmarese New

Year, Tamil New Year, Bangladeshi New Year and the Deepavali Light-Up. These events also benefited M1 in driving sales. As the global economy started to recover, M1 also stepped up momentum during the year to target inbound travellers, such as with the Global Starter Pack programme, where M1's prepaid cards are sold at travel agencies in Malaysia and Indonesia.

MOBILE BROADBAND

M1's Mobile Broadband service made significant strides in customer growth during the year, with innovative products and tariffs, as well as value-for-money offers. One of these initiatives is the introduction of Singapore's first prepaid mobile broadband service, which offers unlimited data usage for a specified number of days at connection speeds of up to 7.2Mbps island-wide. This service appeals to customers who do not wish to be tied to service contracts, such as inbound travellers. M1 also partnered Novatel Wireless to offer MiFi, the industry's first ultra-portable Intelligent Mobile Hotspot that allows users to create their own personal Wi-Fi hotspots wherever they go instead of using a non-secure public access point.

FIXED BROADBAND

M1 took a significant step forward to become a full-service provider when it acquired an established corporate ISP in September 2009, now known as M1 Connect Pte. Ltd. The acquisition allows M1 to enter the corporate fixed broadband business quickly through the use of M1 Connect's existing platform to derive synergies and grow M1 as a full-service operator. M1 Connect offers a full suite of data and communications products and services to corporate, enterprise and public sector customers in Singapore, and also holds the rights to provide indoor and outdoor wireless broadband access under IDA's Wireless@SG programme.

During the year, M1 expanded its fixed broadband offerings to include ADSL services to complement its cable modem services. M1 also continued to build up capabilities in the fixed space, ensuring that the Company is well-positioned as a Retail Service Provider (RSP) to provide fixed broadband services to both retail and enterprise customers when the NGNBN is commercially launched.

PRODUCTS AND SERVICES

In 2009, M1 launched numerous innovative and exciting services, including:

- ***Makan:*** This venture with Rednano (a local online search and directory service), offers customers location-based information on good eating spots with the added advantage of pinpointing the ones closest to wherever they are.

OPERATING AND FINANCIAL REVIEW

- ***M1 Global Yellow Pages Advertising Listing Service:*** This service, introduced in partnership with Global Yellow Pages Media, offers customers a new avenue to list their contact details and advertise their services. It is especially useful to business owners or service providers who do not operate out of dedicated business premises or subscribe to fixed-line phones.

- ***MMS News, SMS News:*** With this service, customers can choose to receive daily news alerts either in MMS or SMS as a subscription service. The news categories include Singapore, Asia-Pacific, World and Asian Entertainment.

- ***Reuters Breaking News Alert:*** This news alert service gives customers access to full-length articles instead of just summaries and headlines. This subscription-based service is pushed to customers' mobile phones and covers a wide range of news, including local, international, business, entertainment and sports.

SALES AND DISTRIBUTION

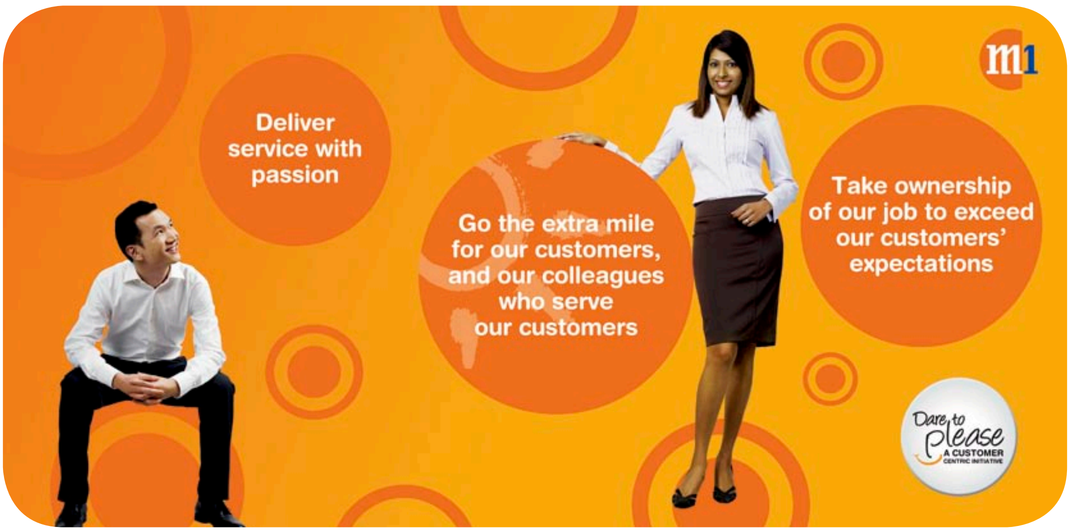
M1 has a nationwide network of operator-owned retail shops (M1 Shop) and operator-appointed distributor outlets that serve the consumer segment, as well as an enterprise sales team that serves the business segment. As at 31 December 2009, M1 operated a total of 12 M1 Shop outlets. In addition, M1 runs an e-shop (www.m1shop.com.sg), which sells mobile phones and accessories online.

"YOU DESERVE BETTER" CAMPAIGN

With M1 continuing its strategy to focus on the customer first, the Company built its brand by leveraging on the 'You Deserve Better' theme.

The 'You Deserve Better' launch campaign involved challenging people to question the status quo. Thereafter, M1 demonstrated that it was not just about better deals but about better customer benefits through tangible offerings throughout the year. By truly understanding its customers' needs, M1 showed it provided value to customers with the launch of the innovative Take3 programme, as well as enhanced tariff service plans such as the improved Multi Line Saver and youth programmes. M1 also rolled out the network of the future, catering to customer needs today and their dreams tomorrow, as well as aims to consistently deliver a level of genuine service that is no less than what the Company would demand of itself.

M1 will continue to focus on being the most customer-centric telecommunications company in Singapore, as the Company believes that the best way to take care of its business is to take good care of its customers first.



CUSTOMER SERVICE

As the Company confronts and overcomes the challenges of competition, customer service remains a cornerstone and key differentiator of the M1 brand. To elevate its service standards to a higher plane, a company-wide programme, Customer Centric Initiative (CCI), was introduced. Through the programme, M1 developed its own Strategic Service Intent (SSI) statement "Dare to Please" to align all staff to a common service vision, among other initiatives. CCI will further reinforce the strong service culture that is ingrained in M1 and ensure the Company stays at the forefront of customer service in this highly competitive market.

NETWORK

A key highlight of M1's network-related initiatives was the upgrading of the 3G and High Speed Packet Access (HSPA) mobile broadband networks in the first quarter of the year to support 21Mbps downlink throughput nationwide, and in the third quarter to further increase downlink throughput to 28Mbps in selected areas. These initiatives underscore M1's strong commitment to provide customers an advanced and innovative high-speed mobile broadband service on one of the most modern and sophisticated networks in the region.

M1 has also been proactively building up its network infrastructure capabilities to support fixed services, in preparation for the roll-out of RSP services on the NGNBN in 2010.

As part of its continuous effort to provide customers with excellent service, the Company has deployed the Customer Experience Management system (CEM), which enables M1 to anticipate customers' needs and proactively manage their service experience across the networks.

Progressively, M1 is also moving towards more self-provisioning of its backhaul traffic transmission, to achieve a higher degree of control, as well as cost avoidance and savings.

CHALLENGES AND OPPORTUNITIES

As M1 ushers in the new year, challenges and opportunities await. The groundwork that M1 laid in 2009 will stand the Company in good stead as it prepares to transform from a pure mobile operator into a full-service operator, offering fixed services on the NGNBN. The Company will also build on the positive momentum created by the iPhone to consolidate and further strengthen its position in the mobile market, with the promise of more exciting value products and services for customers.

OPERATING AND FINANCIAL REVIEW

Financial Review

OPERATING REVENUE

	Year Ended 31 Dec		
Operating Revenue	2009 (S$'m)	2008 (S$'m)	YoY Change
Mobile telecommunications services	565.7	601.2	-5.9%
International call services	128.4	137.1	-6.3%
Fixed network services	6.6	0.2	@
Total service revenue	**700.7**	**738.5**	**-5.1%**
Handset sales	80.9	62.1	30.2%
Total	**781.6**	**800.6**	**-2.4%**

@ *denotes more than -/+ 300%*

For 2009, M1's operating revenue at S$781.6m fell 2.4% due to lower service revenue. The following are more details from each segment:-

MOBILE TECOMMUNICATIONS

	Year Ended 31 Dec		
Mobile telecommunications revenue	2009 (S$'m)	2008 (S$'m)	YoY Change
Postpaid	494.0	529.6	-6.7%
Prepaid	71.7	71.6	0.2%
Total	**565.7**	**601.2**	**-5.9%**

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

Postpaid (exclude Data plan)	S$60.4	S$63.9	-5.5%
Data plan	S$22.2	S$28.4	-21.8%
Prepaid	S$15.2	S$17.3	-12.1%
Non-voice services as a % of Service revenue	26.0%	23.4%	

Mobile telecommunications revenue fell 5.9% to S$565.7m. Postpaid revenue decreased 6.7% mainly due to lower voice usage and roaming revenue. Pre-paid revenue remained stable at S$71.7m.

Non-voice services as a percentage of service revenue increased 2.6% points to 26.0%, compared to 23.4% due to higher mobile data revenue.

INTERNATIONAL CALL SERVICES

	Year Ended 31 Dec		
International call service revenue	2009 (S$'m)	2008 (S$'m)	YoY Change
Retail	114.6	124.0	-7.5%
Wholesale & bilateral revenue	13.8	13.1	5.0%
Total	**128.4**	**137.1**	**-6.3%**
Total international retail minutes (in millions)	727	526	38.2%

International revenue decreased 6.3% to S$128.4m due to decline in roaming traffic. However, international retail minutes rose 38.2% to 727m minutes due to increased traffic to local rated destinations.

HANDSET SALES

Handset sales increased 30.2% to S$80.9m for the year mainly due to higher sales volume.

OPERATING EXPENSES

	Year Ended 31 Dec		
	2009 (S$'m)	2008 (S$'m)	YoY Change
Cost of sales	326.7	300.7	8.7%
Staff cost	76.2	86.6	-12.0%
Advertising & promotion	20.9	20.2	3.6%
Depreciation & amortisation	128.1	123.9	3.4%
Provision for bad & doubtful debt	4.3	16.9	-74.3%
Facilities expenses	28.6	38.7	-26.1%
Other general & administrative expenses	16.9	21.9	-22.8%
Total	**601.9**	**608.9**	**-1.2%**

Operating expenses decreased 1.2% to S$601.9m mainly due to lower facilities expenses, provision for doubtful debt and staff cost.

COST OF SALES

	Year Ended 31 Dec		
	2009 (S$'m)	2008 (S$'m)	YoY Change
Handset cost	137.3	127.7	7.5%
Traffic expenses	56.2	52.4	7.2%
Leased circuit costs	53.5	39.5	35.7%
Other cost	79.7	81.1	-1.8%
Total	**326.7**	**300.7**	**8.7%**

Cost of sales was 8.7% higher at S$326.7m mainly due to higher handset cost and leased circuit costs. Handset cost increased 7.5% to $137.3m due to higher sales volume. Leased circuit cost was higher at $53.5m due to increased data traffic and 2008 benefited from a credit adjustment.

STAFF COSTS

Staff costs fell 12.0% to S$76.2m mainly due to lower headcount.

ADVERTISING & PROMOTION EXPENSES

Compared to the corresponding period last year, advertising and promotion expenses increased 3.6% to $20.9m as a result of higher media spend.

DEPRECIATION & AMORTISATION

Depreciation and amortisation expenses increased 3.4% to S$128.1m due to higher asset base.

PROVISION FOR BAD & DOUBTFUL DEBT

Doubtful debt expense decreased 74.3% to S$4.3m mainly due to write-back of over provision.

FACILITIES EXPENSES

Facilities expenses decreased 26.1% to S$28.6m mainly due to lower technical support costs.

OTHER GENERAL AND ADMINISTRATIVE EXPENSES

Other general and administrative expenses decreased 22.8% to S$16.9m, mainly due to lower ad hoc project costs.

FINANCE COSTS

Finance costs decreased 14.7% to S$6.5m due to lower interest rates.

TAXATION

Provision for taxation decreased 29.0% to S$24.8m mainly due to adjustment in corporate tax rate in respect of opening deferred tax liability in the first quarter of 2009 and lower corporate tax rate.

NET PROFIT

	Year Ended 31 Dec		
	2009 (S$'m)	2008 (S$'m)	YoY Change
Net profit	150.3	150.1	0.1%
Net profit margin (on service revenue)	21.4%	20.3%	

Net profit was stable at S$150.3m. Net profit margin was 21.4% for the year.

EBITDA

	Year Ended 31 Dec		
	2009 (S$'m)	2008 (S$'m)	YoY Change
EBITDA	309.7	316.5	-2.1%
EBITDA margin (on service revenue)	44.2%	42.9%	

EBITDA decreased 2.1% to $309.7m mainly due to lower service revenue.

EBITDA margin, as a percentage of service revenue, increased 1.3% points to 44.2%.

CAPITAL EXPENDITURE AND COMMITMENTS

Capital expenditure incurred in 2009 was S$119.0m, compared to S$94.1m for 2008, mainly due to the rollout of the cellular backhaul transmission network.

Capital commitment as at 31 December 2009 was S$9.7m.

LIQUIDITY AND CAPITAL RESOURCES

	Year Ended 31 Dec		
	2009 (S$'m)	2008 (S$'m)	YoY Change
Profit before tax	175.1	185.0	-5.4%
Non-cash item and net interest expense adjustments	87.9	77.9	12.8%
Net change in working capital	(41.0)	(8.4)	@
Net cash provided by operating activities	222.0	254.5	-12.8%
Net cash used in investing activities	(131.7)	(96.8)	36.0%
Net cash used in financing activities	(100.7)	(163.0)	-38.2%
Net change in cash and cash equivalents	(10.4)	(5.3)	95.6%
Cash and cash equivalents at beginning of financial period	17.8	23.1	-23.0%
Cash and cash equivalents at end of financial period	7.4	17.8	-58.2%
Free cash flow[1]	103.0	157.6	-34.7%

@ *denotes more than -/+ 300%*

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

Operating cash flow decreased 12.8% to S$222.0m due to lower profit before tax and changes in working capital.

Free cash flow decreased 34.7% to S$103.0m for the year mainly due to higher capital expenditure.

FINANCIAL LEVERAGE

As at end of December 2009, gearing ratio was 102.1% compared to 104.0% as at end December 2008. Interest coverage ratio (EBITDA/Interest) was 47.9x for 2009, up from 41.8x for 2008.

BOARD OF DIRECTORS

TEO SOON HOE, 60

Chairman

Mr. Teo was appointed to M1's Board of Directors on 7 May 1996. He was appointed as the Chairman of M1 on 1 March 2009. He is Senior Executive Director 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 and k1 Ventures Limited. He is a member of the Wharton Society of Fellows, University of Pennsylvania.

KAREN KOOI LEE WAH, 55

Chief Executive Officer

Ms. Kooi was appointed as Chief Executive Officer and Executive Director of M1 on 22 April 2009. Ms. Kooi was also the Acting Chief Executive Officer of M1 with effect from 1 February 2009 until her appointment as Chief Executive Officer on 22 April 2009.

Ms. Kooi joined M1 as Chief Financial Officer in August 1995. She was a key member of the senior management team responsible for the planning, development and launch of M1's commercial operations. Prior to joining M1, Ms. Kooi held various senior financial positions 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 Association of Chartered 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.

ROGER BARLOW, 60

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.

CHOW KOK KEE, 58

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.

BOARD OF DIRECTORS

JAMALUDIN IBRAHIM, 50
Mr. Jamaludin Ibrahim was appointed to M1's Board of Directors on 21 August 2008. Mr. Jamaludin Ibrahim is the Managing Director/President and Group Chief Executive Officer of Axiata Group Berhad (formerly known as TM International Berhad) ("Axiata"). Prior to his appointment at Axiata, Mr. Jamaludin Ibrahim was the Group Chief Executive Officer of Maxis. Mr. Jamaludin Ibrahim joined Maxis in 1997 and spent 10 years there before he stepped down as Group Chief Executive Officer. He continued to serve on the Maxis Board until February 2008. Prior to joining Maxis, Mr. Jamaludin Ibrahim spent 16 years in the 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.

Mr. 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. Mr. Jamaludin Ibrahim is Chairman of Celcom Bhd and a Board Member of Axiata and PT Excelcomindo Pratama Tbk (XL) in Indonesia. He sits on the boards of 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, 53
Mr. Low was appointed to M1's Board of Directors on 1 September 1994. He is also the Executive Vice President (Technology) of Singapore Press Holdings Limited.

He is currently serving on the Board of iFast Corporation Pte Ltd, Shareinvestor Pte Ltd, MediaCorp Press Ltd and Republic Polytechnic.

ALAN OW SOON SIAN, 63
Mr. Ow was appointed to M1's Board of Directors on 16 February 2009. He is a Tax-Consultant / Non-Legal Practitioner with KhattarWong, 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).

BOARD OF DIRECTORS

REGGIE THEIN, 68

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

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

THIO SU MIEN, 71

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.

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 and several listed companies in Singapore. 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, 71

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.

YUSOF ANNUAR YAACOB, 44

Mr. Yusof Annuar Yaacob was appointed to M1's Board of Directors on 16 November 2005. Currently he is the Executive Director/Group Chief Financial Officer of Axiata Group Berhad (formerly known as TM International Berhad) ("Axiata") and sits on the various Boards within the Group of Axiata.

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

SENIOR MANAGEMENT

left to right:
Patrick Michael Scodeller,
Karen Kooi Lee Wah

left to right:
Lina Lee,
Poopalasingam Subramaniam,
Lee Kok Chew

left to right:
Lim Sock Leng,
Terence Teo
Hoon Beng,
Chua Swee Kiat

left to right:
Chan Weng
Keong, Anil
Sachdev s/o
Danesh Kumar,
Gan Peck Yeow

SENIOR MANAGEMENT

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 in 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, Finance
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 obtained a Bachelor of Arts (Honours) degree in Economics from the University of Tasmania, Australia, on a Colombo Plan Scholarship.

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).

Anil Sachdev s/o Danesh Kumar,
General Manager,
Legal Services
Mr. Sachdev joined M1 in July 2007 and was appointed as Head of Department in 2009.

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

M1 AND THE COMMUNITY

M1'S LONG-TERM SUPPORT OF THE ARTS IN PARTNERSHIP WITH THE NECESSARY STAGE AND THE SINGAPORE REPERTORY THEATRE, ANOTHER LEADING THEATRE GROUP, LED TO IT BEING CONFERRED THE DISTINGUISHED PATRON OF THE ARTS AWARD FOR THE EIGHTH CONSECUTIVE YEAR.

The M1 Singapore Fringe Festival kicked off the arts calendar in Singapore in January and also marked the start of another year of sponsorship and community activities that formed the core of M1's corporate responsibility programme.

The fifth edition of the festival in 2009 presented the best of cutting-edge and socially engaged works by Singaporean and international artists to an enthusiastic and receptive audience which has cultivated a taste for the unique curatorial style of the festival organiser, The Necessary Stage (TNS).

In the following months, another leading theatre company, the Singapore Repertory Theatre (SRT), enlivened the local stage with Shakespearean and other more contemporary productions that played to sell-out audiences.

Both TNS and SRT have been long-term partners of M1 in its support of the arts in Singapore in general and in helping to nurture a more creative and dynamic arts scene. As part of the nurturing efforts, M1 also contributed to arts institutions such as the School of the Arts, Nanyang Academy of Fine Arts and LaSalle College of the Arts.

For sustaining its arts sponsorship programmes in 2009, M1 was conferred the Distinguished Patron of the Arts award by the National Arts Council for the eighth consecutive year.

In sports, M1 continued to support the Singapore Rugby Union in popularizing rugby in schools and tertiary institutions. M1 ventured into netball for the first time by partnering Netball Singapore in its promotion of the game in schools and at the club and

national levels. M1 also participated in the J P Morgan Corporate Challenge as a sponsor and competitor.

Causes related to children remained the focus of M1's fund-raising programme for the less privileged segments of the community. Besides traditional beneficiaries such as CARE (Children-at-Risk Empowerment Association), Beyond Social Services and the Fairy Godparent Programme, M1 also reached out to support the Singapore Children's Society, Children's Cancer Foundation and the Spastic Children's Association of Singapore.

M1's business partners and employees were crucial partners in M1's two major fund-raising activities as were M1 customers who were involved in SMS donation campaigns for the benefit of the President's Challenge and victims of the Indonesian earthquake via Mercy Relief and the Singapore Red Cross.

Staff volunteers from the SunCare Club complemented the corporate programme with their personal time and touch by organising social activities throughout the year for the children from the various organisations that M1 supports.

INVESTOR RELATIONS

M1 remains 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 and its prospects. Through two-way open communication, M1 seeks to foster long-term relationships with all its stakeholders.

In recognition of its Investor Relations (IR) efforts, M1 was awarded a Certificate of Excellence at the IR Magazine South East Asia Awards 2009.

For FY2009, M1 continued to release quarterly, interim and full-year results to the public within one month of period end. All materials relating to the Company's results, including presentation slides, were made available immediately on the M1 website, after mandatory posting with the Singapore Exchange (SGX). Quarterly conference calls, followed by question and answer sessions for analysts, investors and the media were held jointly on the same day of every results announcement. For the FY2009 full-year results, an in-person briefing was conducted at a centrally located venue. Audio webcasts of these events were also made available on the M1 website.

Apart from the quarterly results announcements, senior management and the IR team also provide regular updates on the Company's performance, strategy, developments and outlook through various channels. These include phone calls, conference calls, ad-hoc meetings, non-deal roadshows (NDRs) and investor conferences, both locally and abroad.

As at 23 February 2010, the free float[1] of M1 shares was 36.5%, with the majority shares held by institutional investors across Asia, UK and USA. As such, M1 continued to focus its IR efforts in these regions. In 2009, M1 undertook two NDRs to UK, USA and Hong Kong to engage current investors and meet potential ones. Locally, M1 participated in three investor conferences, namely the CLSA Regional Forum, UBS Pan Asia Telco Conference and the BNP Paribas Singapore Corporate Day, as well as the Morgan Stanley Asia Telecoms Tour.

Through the IR team, M1 welcomes queries and feedback from the investing public and seeks to consistently respond in an efficient and prompt manner. Email queries can be posted to the IR team at ir@m1.com.sg, and shareholders and interested parties are encouraged to access M1's corporate website at www.m1.com.sg for the latest updates.

The Annual General Meeting (AGM) remains a key platform for retail shareholders to engage in open dialogue with the Board and 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 members of the senior management team make their best effort to attend each AGM to interact with shareholders. Our seventh AGM, held on 7 April 2009 at The Raffles City Convention Centre, was well attended by shareholders.

M1 is committed to creating long-term value for its shareholders. In terms of capital distributions, M1 seeks to maintain a sustainable dividend policy and strives to return excess cash to shareholders in the absence of value-enhancing opportunities. The Board and senior management review the Group's capital structure regularly, taking into account the need to balance operational requirements with the flexibility to pursue strategic business opportunities for future growth, as well as consideration of the economic climate.

For the past 6 years, we have guided and maintained a dividend policy of paying out a fixed percentage of net profit after tax. In FY2009, we continued to distribute 80% of net profit after tax, a payout ratio that has been maintained since FY2005. The total dividend declared to shareholders for FY2009 amounted to 13.4 cents per share, same as the cash payout for FY2008.

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

HISTORICAL CAPITAL DISTRIBUTIONS

Year	Interim Dividend (cents)	Final Dividend (cents)	Special Dividend (cents)	Other Distributions (cents)[2]
2009	6.2	7.2[1]	N.A.	N.A.
2008	6.2	7.2	N.A.	N.A.
2007	2.5	8.3	N.A.	4.6
2006	5.8	7.5	N.A.	22.2
2005	5.0	8.1	12.2	N.A.
2004	4.9	5.8	N.A.	11.0
2003	3.9	5.5	N.A.	N.A.
2002	-	7.3	N.A.	N.A.

Note: On a declared basis

[1] *Subject to shareholders' approval at AGM*

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

FINANCIAL CALENDAR FOR 2010

Date	Event/Announcement
19 January 2010	Release of FY2009 full-year results
8 April 2010	Annual General Meeting
27 April 2010	Payment of FY2009 final dividends (subject to shareholders' approval at AGM)
April 2010[1]	Release of FY2010 first-quarter results
July 2010[1]	Release of FY2010 half-year results
September 2010[1]	Payment of FY2010 interim dividends (if applicable)
October 2010[1]	Release of FY2010 third-quarter results

[1] *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 ("Code") established by the Singapore Corporate Governance Committee and relevant sections of the Listing Manual issued by the Singapore Exchange Securities Trading Limited (SGX-ST).

1 BOARD OF DIRECTORS

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

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

Currently the Board comprises eleven Directors, all of whom are non-executive except for the Chief Executive Officer, 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 57 to 62 of the Annual Report.

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

Name	Status	Board	Nominating Committee	Remuneration Committee	Audit Committee
Non-executive					
Teo Soon Hoe	N	Chairman		Member	
Roger Barlow	I	Member		Chairman	
Chow Kok Kee	I	Member		Member	
Jamaludin Ibrahim	N	Member			
Low Huan Ping	N	Member		Member	
Alan Ow Soon Sian	I	Member			Member
Reggie Thein	I	Member	Member		Chairman
Thio Su Mien	I	Member	Chairman		Member
Patrick Yeoh Khwai Hoh	I	Member	Member		Member
Yusof Annuar Yaacob	N	Member			
Executive					
Karen Kooi Lee Wah	N	Member			

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
Teo Soon Hoe	60	Chairman & Director	01.03.2009 07.05.1996	08.04.2008
Karen Kooi Lee Wah	55	Executive Director	22.04.2009	-
Roger Barlow	60	Director	22.05.2002	07.04.2009
Chow Kok Kee	58	Director	16.02.2009	07.04.2009
Jamaludin Ibrahim	50	Director	21.08.2008	07.04.2009
Low Huan Ping	53	Director	01.09.1994	03.04.2007
Alan Ow Soon Sian	63	Director	16.02.2009	07.04.2009
Reggie Thein	68	Director	08.11.2002	08.04.2008
Thio Su Mien	71	Director	08.11.2002	07.04.2009
Patrick Yeoh Khwai Hoh	71	Director	08.11.2002	07.04.2009
Yusof Annuar Yaacob	44	Director	16.11.2005	07.04.2009

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.

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 or compliance issues where necessary. During the year, eight Board meetings were held. The Company's Articles of Association provide for telephonic and videoconference meetings. The number of applicable Board meetings held in 2009, as well as the attendance of every Board member at those meetings applicable to them were as follows:

CORPORATE GOVERNANCE

Director	Number of applicable Board meetings held in 2009	Number of applicable Board meetings attended
Lim Chee Onn[1]	2	2
Neil Montefiore[2]	1	0
Teo Soon Hoe[3]	8	8
Karen Kooi Lee Wah[4]	6	6
Roger Barlow	8	7
Chow Kok Kee[5]	7	6
Jamaludin Ibrahim	8	7
Low Huan Ping	8	8
Alan Ow Soon Sian[6]	7	7
Reggie Thein	8	6
Thio Su Mien	8	7
Patrick Yeoh Khwai Hoh	8	7
Yusof Annuar Yaacob	8	7

[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] *Mr. Teo Soon Hoe was appointed as Chairman of the Company with effect from 1 March 2009*

[4] *Ms. Karen Kooi was appointed as Chief Executive Officer and Executive Director of M1 on 22 April 2009. Ms. Kooi was also the Acting Chief Executive Officer of M1 with effect from 1 February 2009 until her appointment as Chief Executive Officer on 22 April 2009.*

[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*

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 was appointed as the Chief Executive Officer on 22 April 2009.

The Chairman and 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) 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 2009 and the attendance of each member at those meetings were as follows:

NC Member	Number of NC meetings held in 2009	Number of NC meetings attended
Thio Su Mien	3	3
Reggie Thein	3	3
Patrick Yeoh Khwai Hoh	3	3

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

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

For this purpose, an independent consultant was appointed to conduct the evaluation process. The evaluation of the Board as a whole and evaluation of individual Directors were based on the framework established and used in the previous year and as updated by the NC. The consultant provided summarised findings, interpretation of findings and preliminary recommendations for the Board's consideration.

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

- Board composition and independence
- Board role and functioning
- Board processes
- Information management
- Monitoring company performance
- Committee Effectiveness
- Managing risk and adversity
- CEO performance and succession planning
- Corporate integrity and social responsibility
- Director development and management
- Overall perception of the Board

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

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

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

4 REMUNERATION COMMITTEE ("RC")

(Code of Corporate Governance Principles 7 & 8)

The RC comprises Mr. Roger Barlow as Chairman, Mr. Low Huan Ping, Mr. Teo Soon Hoe 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.

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 of the Board for endorsement of 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.

The number of applicable RC meetings held in 2009 and the attendance of each member at those meetings were as follows:

RC Member	Number of applicable RC meetings held in 2009	Number of applicable RC meetings attended
Roger Barlow	4	4
Chow Kok Kee[1]	3	3
Low Huan Ping	4	4
Teo Soon Hoe	4	4

[1] *Mr. Chow Kok Kee was appointed as a Director of the Company with the effect from 16 February 2009*

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 2009 was as follows:

Board	Chairman	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

CORPORATE GOVERNANCE

The annual remuneration of non-executive Directors for 2009 was as follows:

Non-Executive Director	Position held	Director's fee
Lim Chee Onn[1]	Board Chairman (until 01/03/2009)	5,658
Teo Soon Hoe[2]	Board Chairman (effective 01/03/2009), RC member	43,383
Roger Barlow	Board member, RC chairman	40,000
Chow Kok Kee[3]	Board Member, RC member	30,589
Jamaludin Ibrahim	Board member	25,000
Low Huan Ping	Board member, RC member	35,000
Alan Ow Soon Sian[4]	Board member, AC member	34,959
Reggie Thein	Board member, AC chairman, NC member	55,000
Thio Su Mien	Board member, NC chairman, AC member	55,000
Patrick Yeoh Khwai Hoh	Board member, AC member, NC member	50,000
Yusof Annuar Yaacob	Board member	25,000

[1] *Mr. Lim Chee Onn resigned as a Director of the Company and as Chairman with effect from 1 March 2009*

[2] *Mr. Teo Soon Hoe was appointed as Chairman of the Company with effect from 1 March 2009*

[3] *Mr. Chow Kok Kee was appointed as a Director of the Company with effect from 16 February 2009*

[4] *Mr. Alan Ow Soon Sian was appointed as a Director of the Company with effect from 16 February 2009*

For each non-independent non-executive 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 2009, 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:

	Fixed	Bonuses	Retirement / CPF contribution	Benefits-in-kind	Share options	Number of share options granted
Above \$750,000 to \$1,000,000						
Karen Kooi Lee Wah	46%	30%	1%	8%	15%	800,000
Above \$500,000 to \$750,000						
Patrick Michael Scodeller	36%	18%	8%	30%	8%	330,000
Above \$250,000 to \$500,000						
Lim Sock Leng	62%	16%	3%	9%	10%	180,000
Lina Lee	66%	17%	2%	7%	8%	180,000
Poopalasingam Subramaniam	66%	17%	2%	7%	8%	180,000
Terence Teo Hoon Beng	67%	16%	2%	7%	8%	180,000

In February 2009, 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 66 to 67 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, Mr. Alan Ow Soon Sian, Dr. Thio Su Mien and Mr. Patrick Yeoh Khwai Hoh 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.

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 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.

CORPORATE GOVERNANCE

The number of applicable AC meetings held in 2009 and the attendance of each member at those meetings were as follows:

AC Member	Number of applicable AC meetings held in 2009	Number of applicable AC meetings attended
Reggie Thein	4	4
Alan Ow Soon Sian[1]	3	3
Thio Su Mien	4	3
Patrick Yeoh Khwai Hoh	4	4

[1] *Mr. Alan Ow Soon Sian was appointed as a Director of the Company with effect from 16 February 2009*

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, Director 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 initiatives taken are closely aligned to the Company's performance objectives and business strategy. The Board, via the Audit Committee, has general oversight through an executive team, comprising members of senior management who are responsible for driving the risk management processes and controls. Risk accountability is clearly assigned across all departments / functional units.

During the year, the risk reporting processes and methodology were reviewed to refine key risk indicators and risk assessment extended to include review of systemic risks. Business continuity and crisis management plans were further fine-tuned to enhance remote access capabilities and staff deployment in split-site operations. Regular risk training programmes are organised to foster a risk-centric culture throughout the organisation.

During the year, M1's Influenza Pandemic Preparedness Plan was activated in response to the H1N1 flu outbreak in Singapore. The experience affirmed M1's organisational preparedness to address operational exigencies and ensure operational continuity to mitigate the impact on the Company's business.

Overall, a prudent and calculated approach to achieve an optimal balance between risks and returns is adopted. Resources are channelled to mitigate key risks through an elaborate risk reporting framework, thereby enhancing our decision making capabilities and effectiveness.

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.

The Internal Auditor reports primarily to the Chairman of the AC and administratively to the CEO. The Internal Auditor meets the standards set by internationally recognised professional bodies including the Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors 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 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 7 April 2009. This gave shareholders sufficient time to review the information. During the AGM, shareholders had the opportunity to voice their views and direct questions regarding the Group to Directors, including the Chairman and the chairmen of the Board committees, as well as to the Company's senior management.

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

11 SECURITIES TRANSACTIONS

(Listing Manual Rule 1207(18))

The Group has issued a Code for Dealings in M1 Shares for the guidance of Directors, management and officers. The said 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 said 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 2009 by the Group were as follows:

	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under a shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual (excluding transactions less than $100,000)
	2009 S$'000	2009 S$'000
Transactions for the Purchase of Goods and Services[1]		
Telekom Malaysia Berhad	-	5,419
Axiata Group Berhad (formerly known as TM International Berhad)	-	2,480
Trisilco Folec Pte Ltd	-	1,329
Keppel Communications Pte Ltd	-	124
Keppel Logistics Pte Ltd	-	912
Keppel FMO Pte Ltd	-	875
CapitaMall Trust	-	1,523
MediaCorp Group	-	420
Starhub Ltd	-	1,478
Temasek Holdings (Private) Limited & its associates	-	777
Transactions for the Sale of Goods and Services		
Telekom Malaysia Berhad	-	5,496
Axiata Group Berhad (formerly known as TM International Berhad)	-	1,557
MediaCorp Group	-	231
Temasek Holdings (Private) Limited & its associates	-	247
Total Interested Person Transactions	**-**	**22,868**

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

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

PARTICULARS OF DIRECTORS

as at 31 December 2009

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 60 yrs Bachelor of Business Administration, University of Singapore Member, Wharton Society of Fellows, University of Pennsylvania	07.05.1996	Present Appointments Chairman Chairman Executive Director Director Director Director Director Past Appointments Director 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 Keppel Energy Pte Ltd Keppel Bank Philippines Inc Centurion Bank Ltd Keppel Shipyard Ltd Creek & Cove Properties Pte Ltd Singapore Petroleum Company Limited
Karen Kooi Lee Wah 55 yrs Fellow, Association of Chartered Certified Accountants (United Kingdom) Master of Business Administration degree in Investment and Finance (Distinction), University of Hull, United Kingdom	22.04.2009	Present Appointment Director Director Director Director Director	 M1 Net Ltd. M1 Shop Pte Ltd Wireless Intellect Labs Pte Ltd Kliq Pte. Ltd. M1 Connect Pte. 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
Roger Barlow 60 yrs Bachelor of Science (Economics), University of London Master of Arts, University of Essex	22.05.2002	Present Appointments Director Director Chairman & Director Director Director Director Past Appointments Director	 M1 Net Ltd. M1 Shop Pte Ltd RJB Consultants Limited - Hong Kong RJB Consultants Limited - British Virgin Islands Badabu Media Hong Kong Limited Viettel Hong Kong Limited VNPT Global HK Limited
Chow Kok Kee 58 yrs Bachelor of Engineering 1st class Hons, University of Newcastle, Australia Bachelor of Commerce University of Newcastle, Australia Master of Business Administration National University of Singapore Fellow of the Singapore Institute of Directors Member of Institute of Engineers, Australia Associate of Institute of Chartered Secretaries and Administrators, UK	16.02.2009	Present Appointments Managing Director Director Director Director Director Director Director Director Director Past Appointments 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 ChinaCast Communication Holdings Ltd

PARTICULARS OF DIRECTORS

as at 31 December 2009

Name of Director Age Academic & Professional Qualifications	M1 Directorship: Date first appointed	Directorships or Chairmanships in other listed companies & other major appointments, both present and held over the preceding 3 years	
		Title	**Company**
Jamaludin Ibrahim 50 yrs Master of Business Administration (Specialising in Quantitative Methods) from Portland State University, Oregon, USA Bachelor of Science in Business Administration and a minor in Mathematics from California State University, USA	21.08.2008	Present Appointments	
		Executive Director/GCEO	Axiata Group Berhad (formerly known as TM International Berhad)
		Director	PT Excelcomindo Pratama Tbk
		Director	Indocel Holding Sdn Bhd
		Director	SunShare Investments Ltd
		Director	Universiti Tun Abdul Razak Sdn Bhd
		Past Appointments	
		Director/CEO	Maxis Communications Berhad
		Director	Advanced Wireless Technologies Sdn Bhd
		Director	Castle Rock Equity Sdn Bhd
		Director	Maxis Mobile Services Sdn
		Director	Maxis Broadband Sdn Bhd
		Director	Maxis Collection Sdn Bhd
		Director	Maxis International Sdn Bhd
		Director	Maxis Management Services Sdn Bhd
		Director	Maxis Mobile Sdn Bhd
		Director	Maxis Multimedia Sdn Bhd
		Director	Rawa Utara Sdn Bhd
		Director	Maxis Sdn Bhd
		Director	Maxis Mobile (L) Ltd
		Director	UMTS (Malaysia) Sdn Bhd
		Director	Maxis Online Sdn Bhd
		Director	University Tun Hussein Onn Malaysia
		Director	Kolej University Teknologi Tun Hussein Onn
		Director	Pusat Sains Negara
		Director	PT Maxis Communications
		Director	PT Natrindo Telepon Seluler
		Director	Aircel Limited
		Director	South Asia Communications Private Limited
		Director	Aircel Cellular Limited
		Director	Dishnet Wireless Limited
		Director	Deccan Digital Networks Private Limited
		Director	East Asia Communications Holding NV
		Director	East Asia Communications NV
		Director	Bridge Mobile Pte Ltd.
		Director	Yayasan Pendidikan Tun Abdul Razak

Name of Director Age Academic & Professional Qualifications	M1 Directorship: Date first appointed	Directorships or Chairmanships in other listed companies & other major appointments, both present and held over the preceding 3 years	
		Title	Company
Low Huan Ping 53 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
Alan Ow Soon Sian 63 yrs Bachelor, Social Sciences (Hons), University of Singapore Special Agent in Tax Fraud Training IRS, USA International Tax Program Harvard Law School Advanced Management Program Harvard Business School	16.02.2009	Present Appointments Tax-Consultant/Non-Legal Practitioner Past Appointments Senior Deputy Commisioner IRAS & Chief Executive Officer (Until 30/11/2007)	 KhattarWong Tax Academy of Singapore

PARTICULARS OF DIRECTORS

as at 31 December 2009

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 68 yrs Fellow, Institute of Chartered Accountants in England and Wales Member, Institute of Certified Public Accountants (Singapore)	08.11.2002	**Present Appointments**	
		Director & Chairman of AC	GuocoLeisure Limited
		Director & Chairman of AC	FJ Benjamin Holdings Ltd
		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 & Chairman of AC	Ascendas Pte Ltd
		Governing Council Member	Singapore Institute of Directors
		Director & Chairman of AC	DLF Office Trust Pte Ltd
		Past Appointments	
		Director & Chairman of AC	Grand Banks Yachts Limited
Thio Su Mien 71 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
		Past Appointments	
		Director	SIA Engineering Company Limited
		Director	Manulife (Singapore) Pte. Ltd.
		Director	Jasper Investments Limited
		Director	Allens Arthur Robinson TSMP
Patrick Yeoh Khwai Hoh 71 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
		Past Appointments	
		Director	Three on the Bund Ltd
		Director	Green Tire Company Limited
		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
Yusof Annuar Yaacob 44 yrs Chartered Institute of Management Accountants	16.11.2005	Present Appointments	
		Executive Director/GCFO	Axiata Group Berhad (formerly known as TM International Berhad)
		Director	PT XL Axiata Tbk (formerly known as PT Excelcomindo Pratama Tbk)
		Director	Celcom Axiata Berhad (formerly known as 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	Axiata (Bangladesh) Limited
		Director	Dialog Telekom PLC
		Director	Dialog Broadband Networks (Private) Limited
		Director	Mobile Telecommunications Company of Esfahan
		Director	TMI India Limited
		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	Axiata SPV1 (Labuan) 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
		Director	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
		Director	OCB Berhad
		Director	Samart Corporation Public Company Limited
		Director	Samart I-Mobile Public Company Limited
		Director	Societe Des Telecommunications De Guinea (Sotelgui s.a)

PARTICULARS OF SENIOR MANAGEMENT

as at 31 December 2009

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**
Patrick Michael Scodeller	Wireless Intellect Labs Pte Ltd Singapore Internet Exchange Limited	None
Lina Lee	None	None
Poopalasingam Subramaniam	None	None
Terence Teo Hoon Beng	None	None
Lee Kok Chew	Kliq Pte. Ltd. M1 Connect Pte. Ltd.	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	M1 Net Ltd. M1 Shop Pte Ltd Wireless Intellect Labs Pte Ltd Kliq Pte. Ltd.	None
Gan Peck Yeow	None	None
Chua Swee Kiat	None	None
Chan Weng Keong	None	None
Anil Sachdev s/o Danesh Kumar	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 statement of financial position and statement of changes in shareholders' equity of the Company for the financial year ended 31 December 2009.

1. DIRECTORS

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

Teo Soon Hoe	*Chairman*
Karen Kooi Lee Wah (appointed on 22 April 2009)	*Chief Executive Officer*
Roger Barlow	
Chow Kok Kee (appointed on 16 February 2009)	
Jamaludin Ibrahim	
Low Huan Ping	
Alan Ow Soon Sian (appointed on 16 February 2009)	
Reggie Thein	
Thio Su Mien	
Patrick Yeoh Khwai Hoh	
Yusof Annuar Yaacob	

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 or date of appointment	At end of financial year	As at 21 January 2010
MobileOne Ltd			
Teo Soon Hoe	41,850	41,850	41,850
Karen Kooi Lee Wah	136,000	136,000	136,000
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

3. DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (CONTINUED)

Name of director	Options to subscribe for ordinary shares Held in the name of directors At beginning of financial year or date of appointment	At end of financial year	As at 21 January 2010
MobileOne Ltd			
Karen Kooi Lee Wah	1,905,700	2,705,700	2,705,700

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

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 2009 or Date of Grant	Exercised	Cancelled*	Balance as at 31 December 2009	Subscription Price
9 November 2002	10,000	-	-	10,000	S$1.25
4 February 2004	836,000	(114,000)	-	722,000	S$1.50
3 February 2005	3,981,700	(50,000)	-	3,931,700	S$1.81
2 February 2006	5,829,000	-	-	5,829,000	S$2.21
6 February 2007	6,045,000	-	(376,000)	5,669,000	S$2.17
11 February 2008	6,909,000	-	(658,000)	6,251,000	S$1.90
2 February 2009	6,795,000	-	-	6,795,000	S$1.60
4 June 2009	320,000	-	-	320,000	S$1.60
	30,725,700	(164,000)	(1,034,000)	29,527,700	

* 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
Karen Kooi Lee Wah	800,000	4,515,000	1,809,300	2,705,700	$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.

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.

6. AUDIT COMMITTEE (CONTINUED)

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:

Teo Soon Hoe
Chairman

Karen Kooi Lee Wah
Director

Singapore
2 February 2010

STATEMENT BY DIRECTORS

In the opinion of the directors, the accompanying statement of financial position, consolidated statement of comprehensive income, statements of changes in equity and consolidated cash flow statement together with the notes thereto are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2009, 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:

Teo Soon Hoe
Chairman

Karen Kooi Lee Wah
Director

Singapore
2 February 2010

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 72 to 114, which comprise the statement of financial position of the Group and the Company as at 31 December 2009, the statements of changes in equity of the Group and the Company, the consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory 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 statement of financial position 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.

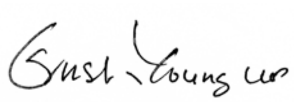
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion,

(a) the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2009 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 2010

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the Financial Year Ended 31 December 2009

	Notes	2009 S$'000	2008 S$'000
Operating revenue	3	781,580	800,593
Operating expenses	4	(601,871)	(608,947)
Other revenue	5	1,859	956
Finance costs	6	(6,462)	(7,578)
Profit before tax		175,106	185,024
Taxation	7	(24,804)	(34,915)
Net profit for the year		150,302	150,109
Other comprehensive income:			
Fair value changes on interest rate swap		983	(1,898)
Total comprehensive income for the year		151,285	148,211
Earnings per share (cents)	8		
Basic		16.8	16.8
Diluted		16.8	16.8
EBITDA	9	309,694	316,496

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

STATEMENT OF FINANCIAL POSITION

as at 31 December 2009

	Notes	Group 31-Dec-09 S$'000	Group 31-Dec-08 S$'000 restated	Group 1-Jan-08 S$'000 restated	Company 31-Dec-09 S$'000	Company 31-Dec-08 S$'000 restated	Company 1-Jan-08 S$'000 restated
Non-current assets:							
Fixed assets	10	611,440	612,870	636,664	608,533	610,806	635,333
Licences and spectrum rights	11	72,856	79,263	82,558	72,856	79,263	82,558
Intangibles	12	11,742	-	-	65	-	-
Staff loans	13	832	871	752	832	871	752
Interests in subsidiaries	14	-	-	-	2,025	2,340	3,585
		696,870	693,004	719,974	684,311	693,280	722,228
Current assets:							
Inventories	16	25,376	8,504	8,370	545	609	295
Trade debtors	17	87,286	69,236	80,824	83,479	67,804	79,741
Other debtors	18	13,485	9,227	10,188	7,297	6,571	5,915
Prepayments		7,047	5,732	4,059	6,736	5,491	3,906
Due from related parties and subsidiaries	19	52	186	66	16,139	186	2,489
Cash and cash equivalents	20	7,439	17,787	23,087	6,240	17,548	22,926
		140,685	110,672	126,594	120,436	98,209	115,272
Current liabilities:							
Creditors and accruals	21	(153,049)	(149,008)	(164,834)	(118,106)	(137,313)	(149,220)
Unearned revenue		(30,956)	(31,734)	(33,184)	(30,780)	(31,713)	(33,184)
Due to related parties and subsidiaries	19	(307)	(4,568)	(6,302)	(26,176)	(6,675)	(10,867)
Borrowings	22	(269,000)	-	(35,000)	(269,000)	-	(35,000)
Derivative liabilities	30	(1,412)	(2,627)	(314)	(1,412)	(2,627)	(314)
Tax payable		(39,024)	(42,603)	(48,086)	(35,517)	(42,479)	(48,008)
		(493,748)	(230,540)	(287,720)	(480,991)	(220,807)	(276,593)
Net current liabilities		(353,063)	(119,868)	(161,126)	(360,555)	(122,598)	(161,321)
Non-current liabilities:							
Borrowings	22	-	(250,000)	(250,000)	-	(250,000)	(250,000)
Deferred tax liabilities	7	(87,694)	(99,904)	(106,937)	(87,911)	(99,777)	(106,809)
Net assets		256,113	223,232	201,911	235,845	220,905	204,098
Represented by:							
Share capital	23	116,473	116,212	114,439	116,473	116,212	114,439
Hedging reserve	24	(1,172)	(2,155)	(257)	(1,172)	(2,155)	(257)
Share option reserve		7,365	6,098	5,011	7,365	6,098	5,011
Retained profits		133,447	103,077	82,718	113,179	100,750	84,905
Total equity		256,113	223,232	201,911	235,845	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 2009

2009
Group

			Attributable to equity holders of the Company		
	Share Capital (Note 23) S$'000	Hedging Reserve (Note 24) S$'000	Share Option Reserve S$'000	Retained Profits S$'000	Total S$'000
As at 1 Jan 09	116,212	(2,155)	6,098	103,077	223,232
Net profit	-	-	-	150,302	150,302
Other comprehensive income for the year	-	983	-	-	983
Total comprehensive income for the year	-	983	-	150,302	151,285
Issuance of ordinary shares on exercise of employee share options	261	-	-	-	261
Expenses on share options	-	-	1,267	-	1,267
Dividends	-	-	-	(119,932)	(119,932)
As at 31 Dec 09	**116,473**	**(1,172)**	**7,365**	**133,447**	**256,113**

2008
Group

			Attributable to equity holders of the Company		
	Share Capital (Note 23) S$'000	Hedging Reserve (Note 24) S$'000	Share Option Reserve S$'000	Retained Profits S$'000	Total S$'000
As at 1 Jan 08	114,439	(257)	5,011	82,718	201,911
Net profit	-	-	-	150,109	150,109
Other comprehensive income for the year	-	(1,898)	-	-	(1,898)
Total comprehensive income 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 2009

2009
Company

	Share Capital (Note 23) S$'000	Hedging Reserve (Note 24) S$'000	Share Option Reserve S$'000	Retained Profits S$'000	Total S$'000
	Attributable to equity holders of the Company				
As at 1 Jan 09	116,212	(2,155)	6,098	100,750	220,905
Net profit	-	-	-	132,361	132,361
Other comprehensive income for the year	-	983	-	-	983
Total comprehensive income for the year	-	983	-	132,361	133,344
Issuance of ordinary shares on exercise of employee share options	261	-	-	-	261
Expenses on share options	-	-	1,267	-	1,267
Dividends	-	-	-	(119,932)	(119,932)
As at 31 Dec 09	**116,473**	**(1,172)**	**7,365**	**113,179**	**235,845**

2008
Company

	Share Capital (Note 23) S$'000	Hedging Reserve (Note 24) S$'000	Share Option Reserve S$'000	Retained Profits S$'000	Total S$'000
	Attributable to equity holders of the Company				
As at 1 Jan 08	114,439	(257)	5,011	84,905	204,098
Net profit	-	-	-	145,595	145,595
Other comprehensive income for the year	-	(1,898)	-	-	(1,898)
Total comprehensive income 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.

CONSOLIDATED
CASH FLOWS STATEMENT

for the Financial Year Ended 31 December 2009

	Notes	2009 S$'000	2008 S$'000
Cash flows from operating activities:			
Profit before tax		175,106	185,024
Adjustments for:			
Depreciation of fixed assets		121,719	117,824
(Gain) Loss on disposals of fixed assets		(600)	3
Amortisation of licences and spectrum rights		6,407	6,070
Share option expenses		1,267	1,087
Interest income		(50)	(377)
Interest expense		6,462	7,578
Operating cash flows before working capital changes		310,311	317,209
Changes in:			
Inventories		(16,591)	(134)
Trade debtors		(16,322)	11,588
Other debtors		(3,725)	958
Prepayments		(1,289)	(1,673)
Non-current staff loans		39	(119)
Creditors and accruals		1,857	(15,745)
Unearned revenue		(872)	(1,450)
Related parties		(4,076)	(1,854)
Cash generated from operations		269,332	308,780
Interest received		50	381
Interest paid		(6,564)	(7,660)
Payment of tax		(40,825)	(47,015)
Net cash flows from operating activities		221,993	254,486
Cash flows from investing activities:			
Purchase of fixed assets		(118,962)	(94,137)
Acquisition of subsidiary		(13,253)	-
Purchase of licences and spectrum rights		-	(2,775)
Purchase of club membership		(65)	-
Proceeds from disposals of fixed assets		610	103
Net cash flows used in investing activities		(131,670)	(96,809)
Cash flows from financing activities:			
Proceeds from bank loans		42,500	-
Repayment of bank loans		(23,500)	(35,000)
Dividends paid on ordinary shares by the Company		(119,932)	(129,750)
Proceeds from issuance of share capital on exercise of employee share options		261	1,773
Net cash flows used in financing activities		(100,671)	(162,977)
Net changes in cash and cash equivalents		(10,348)	(5,300)
Cash and cash equivalents at beginning of financial year	20	17,787	23,087
Cash and cash equivalents at end of financial year	20	7,439	17,787

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

NOTES TO 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 broadband 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 statement of financial position and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards ("FRS").

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

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

2.2 Changes in accounting policies

With effect from 1 January 2009, the Group and the Company have adopted all the new and revised FRS and Interpretations of FRS ("INT FRS") that are mandatory for financial years beginning or after 1 January 2009. The adoption of these standards and interpretations did not have any effect on the financial performance or position of the Group. They did however give rise to additional disclosures and revisions to accounting policies.

The principal effects of these changes are as follows:

- *FRS 1 Presentation of Financial Statements – Revised presentation*
  The revised FRS 1 separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented in the statement of other comprehensive income. In addition, the Standard introduces the statement of comprehensive income which presents income and expense recognised in the period. This statement may be presented in one single statement, or two linked statements. The Group has elected to present in one single statement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Changes in accounting policies (continued)

- *INT FRS 113 Customer Loyalty Programmes*

On 1 January 2009, the Group and the Company adopted INT FRS 113 Customer Loyalty Programmes, which is effective for annual periods beginning on or after 1 July 2008. The Group and Company historically recognised the full revenue from the sale of goods and a separate liability for the obligation to exchange the points for awards. INT FRS 113 requires loyalty award credits to be accounted for as a separate component of the sales transactions in which they are granted. The fair value of the consideration received is allocated to the loyalty award credits and the amount is deferred until the awards are redeemed or no longer expected to be redeemed.

The change in accounting policy has been applied retrospectively. The effect of adoption has no impact to the Group's and Company's revenue and profit net of tax except for the following in the financial statements:

	Group and Company	
	31-Dec-08 $'000	1-Jan-08 $'000
Creditors and accruals	(7,369)	(8,183)
Unearned revenue	7,369	8,183

2.3 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 27	: Amendments to FRS 27 *Consolidated and Separate Financial Statements*	1 July 2009
FRS 39	: Amendments to FRS 39 *Financial Instruments: Recognition and Measurement* – Eligible Hedged Item	1 July 2009
FRS 103	: Revised FRS 103 *Business Combinations*	1 July 2009
FRS 105	: Amendments to FRS 105 *Non-current Assets Held for Sale and Discontinued Operations*	1 July 2009
FRS 117	: INT FRS 117 *Distributions of Non-cash Assets to Owners*	1 July 2009
Improvements to FRSs issued in 2009:		
– Amendments to FRS 38 *Intangible Assets*		1 July 2009
– Amendments to FRS 102 *Share-based Payment*		1 July 2009
– Amendments to FRS 108 *Operating Segments*		1 July 2009
– Amendments to INT FRS 109 *Reassessment of Embedded Derivatives*		1 July 2009
– Amendments to FRS 1 *Presentation of Financial Statements*		1 January 2010
– Amendments to FRS 7 *Statement of Cash Flows*		1 January 2010
– Amendments to FRS 17 *Leases*		1 January 2010
– Amendments to FRS 36 *Impairment of Assets*		1 January 2010
– FRS 39 *Financial Instruments: Recognition and Measurement*		1 January 2010
– Amendments to FRS 105 *Non-current Assets Held for Sale and Discounted Operations*		1 January 2010
– Amendments to FRS 108 *Operating Segments*		1 January 2010

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 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.

<u>Key sources of estimation uncertainty</u>

The key assumptions concerning the future and other key sources of estimation uncertainty at the statement of financial position 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 statement of financial position 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, 12 and 14 to the financial statements.

- *Impairment of loans and receivables*

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

  Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. Actual results may differ from management's estimates. The carrying amount of the Group's loans and receivables at the statement of financial position date is disclosed in Notes 13, 17, 18, 19 and 20 to the financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the statement of financial position 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.

Acquisitions of subsidiaries are accounted for by applying the purchase method. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in equity. Any excess of the cost of business combination over the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities is recorded as goodwill on the statement of financial position. The accounting policy for goodwill is set out in Note 2.11(a). Any excess of the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised as income in profit or loss on the date of acquisition. When the Group acquires a business, embedded derivatives separated from the host contract by the acquiree are not reassessed on acquisition unless the business combination results in a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required under the contract.

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.

2.6 Subsidiaries

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

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

2.7 Joint venture

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Fixed assets

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

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

The initial cost of fixed assets comprises its purchase price, including import duties and non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after the fixed assets have been put into operation, such as repairs and maintenance and overhaul costs, is normally 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.

2.9 Depreciation

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

Leasehold buildings	–	10 - 30 years
Networks and related application systems	–	10 - 13 years
Application systems and computers	–	3 - 5 years
Motor vehicles	–	5 years
Furniture, fittings and equipment	–	2 - 7 years

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

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

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

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.

2.10 Licences and spectrum rights

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

Licences and spectrum rights are amortised on a straight-line basis over the estimated economic useful lives of 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Intangible assets

a) Goodwill

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

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

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

b) Club membership

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

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the profit or loss when the asset is derecognised.

2.12 Financial assets

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

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

Trade and other debtors

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

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 2.14 below.

Cash and cash equivalents

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Financial liabilities

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

Borrowings

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

Gains and losses are recognised in 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.

2.14 Impairment of financial assets

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

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

2.15 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.

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.

2.16 Derivative financial instruments and hedging activities

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.16 Derivative financial instruments and hedging activities (continued)

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. 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.

2.17 Inventories

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

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

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

2.18 Provisions

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 Government grant

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

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

2.20 Employee benefits

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.

b) 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.

2.21 Income tax

a) Current tax

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

b) Deferred tax

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

Deferred tax 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 Income tax (continued)

b) Deferred tax (continued)

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

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

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

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

c) Goods and services tax

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

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

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

2.22 Impairment of non-financial assets

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

2.23 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:

- Service revenue is recognised at the time when such services are rendered. Revenue billed in advance of the rendering of services is deferred on the statement of financial position as unearned revenue.
- Revenue from sale of prepaid cards but for which services have not been rendered is deferred on the statement of financial position as unearned revenue. Upon termination of the prepaid cards, any unutilised value of the prepaid cards will be taken to 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 on award credits are recognised based on the number of award credits that have been redeemed in exchange for free or discounted goods, relative to the total numbers of awards credit expected to be redeemed.
- Interest income is recognised using the effective interest method.

2.24 Customer acquisition and retention costs

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

2.25 Operating leases

Operating lease payments are recognised as an expense in 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.

2.26 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 statement of financial position date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.27 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.

2.28 Segment reporting

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

2.29 Share capital and share issuance expenses

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

3. OPERATING REVENUE

	Group	
	2009 S$'000	2008 S$'000
Mobile telecommunications	565,717	601,168
International call services	128,405	137,101
Handset sales	80,852	62,122
Fixed network revenue	6,606	202
	781,580	800,593

4. OPERATING EXPENSES

	Group	
	2009 S$'000	2008 S$'000
Cost of services	189,437	173,021
Cost of handsets sold	140,403	127,692
Provision for stock	(3,100)	-
Staff costs	76,201	85,899
Advertising and promotion expenses	20,917	20,192
Depreciation and amortisation	128,126	123,894
Provision for doubtful debts	4,328	16,872
Facilities expenses	28,617	38,723
General and administrative expenses	16,942	22,654
	601,871	608,947

4. OPERATING EXPENSES (CONTINUED)

Total operating expenses included the following:

	Group	
	2009 S$'000	2008 S$'000
Non-audit fees paid to auditors of the Company	54	132
CPF contributions	8,024	8,101
Share-based payments	1,267	1,087
Directors' remuneration	1,083	1,743
Foreign exchange loss (gain), net	1,009	(5)
(Gain) Loss on disposal of fixed assets	(600)	3

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

	Group	
	2009 S$'000	2008 S$'000
Short term employee benefits	3,171	3,702
CPF contributions	91	82
Share-based payments	352	327
Total compensation paid to key executives	3,614	4,111

5. OTHER REVENUE

	Group	
	2009 S$'000	2008 S$'000
Interest income from banks	50	377
Others	1,809	579
	1,859	956

6. FINANCE COSTS

	Group	
	2009 S$'000	2008 S$'000
Interest on bank loans	6,462	7,578

7. TAXATION

Major components of income tax expense for the years ended 31 December 2009 and 2008 are:

	Group	
	2009 S$'000	2008 S$'000
Current taxation		
– Current taxation	37,247	41,560
Deferred taxation		
– Origination and reversal of temporary differences	(6,888)	(6,645)
– Effect of reduction in tax rate	(5,555)	-
Income tax expense recognised in net profit for the year	24,804	34,915

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 2009 and 2008 are as follows:

	Group	
	2009 %	2008 %
Statutory rate	17.0	18.0
Adjustments for the tax effect of:		
Change in tax rate	(3.2)	-
Expenses not deductible for tax purposes	0.3	1.0
Others	-	(0.1)
Effective tax rate	14.1	18.9

Analysis of deferred tax liabilities:

	Group S$'000	Company S$'000
At 1 January 2008	106,937	106,809
Movement for the year	(7,033)	(7,032)
At 31 December 2008 and 1 January 2009	99,904	99,777
Movement for the year	(12,210)	(11,866)
At 31 December 2009	87,694	87,911

7. TAXATION (CONTINUED)

Deferred tax assets and liabilities

Deferred taxes at 31 December 2009 and 2008 and 1 January 2008 are related to the following:

	Group		
	31-Dec-09 S$'000	31-Dec-08 S$'000	1-Jan-08 S$'000
Deferred tax liabilities			
Difference in depreciation	87,694	100,145	107,199
Deferred tax assets			
Provisions for unconsumed annual leave	-	(241)	(262)
Net deferred tax liabilities	87,694	99,904	106,937

	Company		
	31-Dec-09 S$'000	31-Dec-08 S$'000	1-Jan-08 S$'000
Deferred tax liabilities			
Difference in depreciation	87,911	99,992	107,032
Deferred tax assets			
Provisions for unconsumed annual leave	-	(215)	(223)
Net deferred tax liabilities	87,911	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).

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	
	2009	2008
Net profit attributable to shareholders for basic and diluted earnings per share (S$'000)	150,302	150,109
Weighted average of ordinary shares on issue applicable to basic earnings per share	895,020,705	894,692,507
Effect of dilutive securities: Share options	62,031	107,641
Adjusted weighted average of ordinary shares on issue applicable to diluted earnings per share	895,082,736	894,800,148

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

EBITDA is defined as follows:

	Group	
	2009 S$'000	2008 S$'000
Profit before tax	175,106	185,024
Adjustments for:		
Amortisation of licences and spectrum rights	6,407	6,070
Depreciation of fixed assets	121,719	117,824
Interest on bank loans	6,462	7,578
EBITDA	309,694	316,496

10. FIXED ASSETS

Group

	Leasehold Buildings	Networks and Related Application Systems	Application Systems & Computers	Motor Vehicles	Furniture, Fittings & Equipment	Capital Work-in-progress	Total
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Cost:							
At 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 and 1 January 2009	78,769	1,180,381	164,460	1,149	36,711	64,378	1,525,848
Additions	117	48,593	12,398	265	18,186	39,403	118,962
Arising from acquisition of subsidiary	44	1,239	27	-	27	-	1,337
Disposals	-	-	(65)	(542)	(27)	-	(634)
At 31 December 2009	78,930	1,230,213	176,820	872	54,897	103,781	1,645,513
Accumulated depreciation:							
At 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 and 1 January 2009	31,381	709,915	143,993	902	26,787	-	912,978
Charge for the year	3,400	101,621	4,704	165	11,829	-	121,719
Disposals	-	-	(64)	(542)	(18)	-	(624)
At 31 December 2009	34,781	811,536	148,633	525	38,598	-	1,034,073
Net carrying amount:							
At 1 January 2008	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
At 31 December 2009	44,149	418,677	28,187	347	16,299	103,781	611,440

10. FIXED ASSETS (CONTINUED)

Company

	Leasehold Buildings	Networks and Related Application Systems	Application Systems & Computers	Motor Vehicles	Furniture, Fittings & Equipment	Capital Work-in-progress	Total
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Cost:							
At 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 and 1 January 2009	78,769	1,169,993	161,567	1,151	31,287	75,399	1,518,166
Additions	117	48,547	12,430	265	17,774	39,403	118,536
Disposals	-	-	(61)	(542)	-	-	(603)
At 31 December 2009	78,886	1,218,540	173,936	874	49,061	114,802	1,636,099
Accumulated depreciation:							
At 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 and 1 January 2009	31,382	709,915	142,244	904	22,915	-	907,360
Charge for the year	3,396	101,370	4,512	166	11,364	-	120,808
Disposals	-	-	(60)	(542)	-	-	(602)
At 31 December 2009	34,778	811,285	146,696	528	34,279	-	1,027,566
Net carrying amount:							
At 1 January 2008	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
At 31 December 2009	44,108	407,255	27,240	346	14,782	114,802	608,533

11. LICENCES AND SPECTRUM RIGHTS

	Group and Company S$'000
Cost:	
At 1 January 2008	100,261
Additions	2,775
At 31 December 2008, 1 January 2009 and 31 December 2009	103,036
Accumulated amortisation:	
At 1 January 2008	17,703
Additions	6,070
At 31 December 2008 and 1 January 2009	23,773
Additions	6,407
At 31 December 2009	30,180
Net carrying amount:	
At 1 January 2008	82,558
At 31 December 2008	79,263
At 31 December 2009	72,856

NOTES TO FINANCIAL STATEMENTS

12. INTANGIBLES

Group	Goodwill	Club membership	Total
	S$'000	S$'000	S$'000
Cost:			
At 1 January 2008, 31 December 2008 and 1 January 2009	-	-	-
Additions	-	65	65
Acquisition of a subsidiary	11,677	-	11,677
At 31 December 2009	11,677	65	11,742

Company	Club membership
	S$'000
Cost:	
At 1 January 2008, 31 December 2008 and 1 January 2009	-
Additions	65
At 31 December 2009	65

13. STAFF LOANS

	Group and Company		
	31-Dec-09 S$'000	31-Dec-08 S$'000	1-Jan-08 S$'000
Repayable within one year (included in Note 18)	301	313	256
Repayable after one year	832	871	752
	1,133	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% (2008: 2% and 2007: 2%) per annum.

14. INTERESTS IN SUBSIDIARIES

Details of the subsidiaries of the Company as at 31 December 2009 are as follows:

	Company		
	31-Dec-09 S$'000	31-Dec-08 S$'000	1-Jan-08 S$'000
Unquoted shares:			
At cost	3,585	3,585	3,585
Provision for impairment in value of investment	(1,560)	(1,245)	-
	2,025	2,340	3,585

Name of company	Country of incorporation	Effective interest of the Company		Principal activities
		2009 %	2008 %	
Held by the company				
M1 Shop Pte Ltd	Singapore	100	100	Retail sales of telecommunication equipment and accessories
M1 Net Ltd.	Singapore	100	100	Provision of broadband
Wireless Intellect Labs Pte Ltd	Singapore	100	100	Research and development – inactive
Kliq Pte Ltd	Singapore	100	100	Investment holding – dormant
Held by subsidiary of the company				
M1 Connect Pte. Ltd. (Formerly known as Qala Singapore Pte Ltd)	Singapore	100	-	Provision of broadband and other related telecommunication services

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.

14. INTERESTS IN SUBSIDIARIES (CONTINUED)

Acquisition of subsidiary

On 28 September 2009, the Group's subsidiary company, M1 Net Ltd. acquired 100% equity interest in M1 Connect Pte. Ltd. (M1 Connect). Upon the acquisition, M1 Connect became a wholly-owned subsidiary of the Group.

The net identifiable assets and liabilities arising from the acquisition of M1 Connect based on provisional values were:

	Recognised on date of acquisition S$'000
Fixed assets	1,337
Current assets	2,620
Cash and cash equivalents	2,176
	6,133
Total liabilities	(2,380)
Net identifiable assets acquired	3,753

The Group has agreed to pay to some of the selling shareholders potential consideration of $2,500,000 if certain financial targets can be met by M1 Connect for its financial years up to and ending on 30 June 2011.

The effect of acquisition on cash flows is as follows:

	S$'000
Total consideration for subsidiary acquired	15,429
Less: cash and cash equivalent of subsidiary acquired	(2,176)
Net cash outflow on acquisition	13,253

Impact of acquisition on income statement

The acquisition is not expected to result in material contribution to the Group's profit and revenue if the combination had taken place at the beginning of the financial year and from the date of acquisition.

Goodwill arising on acquisition

Goodwill of $11,677,000 arose from the acquisition of M1 Connect has been determined provisionally and has not been allocated for impairment testing.

15. 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		
	31-Dec-09 S$'000	31-Dec-08 S$'000	1-Jan-08 S$'000
Assets and liabilities:			
Current assets	1,354	3,079	2,104
Non-current assets	178	381	537
Total assets	1,532	3,460	2,641
Current liabilities	(1,699)	(3,263)	(3,092)
Total liabilities	(1,699)	(3,263)	(3,092)
Results:			
Revenue	6,748	8,576	5,343
Other income	-	-	53
Expenses	(6,989)	(7,927)	(5,108)
Profit for the financial year	(241)	649	288

16. INVENTORIES

	Group		
	31-Dec-09 S$'000	31-Dec-08 S$'000	1-Jan-08 S$'000
At lower of cost or net realisable value:			
Handsets	23,938	7,157	7,525
Accessories	1,438	1,347	845
	25,376	8,504	8,370

	Company		
	31-Dec-09 S$'000	31-Dec-08 S$'000	1-Jan-08 S$'000
At lower of cost or net realisable value:			
Accessories	545	609	295

During the financial year, the Group wrote down inventories of S$290,000 (2008: S$3,367,000).

17. 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 unsecured trade debtors that are past due at the statement of financial position date but not impaired and the analysis of their aging at the statement of financial position date is as follows:

	Group		
	31-Dec-09 S$'000	31-Dec-08 S$'000	1-Jan-08 S$'000
Trade debtors past due:			
30 – 60 days	6,064	8,073	11,679
61 – 90 days	2,173	1,528	2,847
More than 90 days	2,566	755	1,957
	10,803	10,356	16,483

Debtors that are impaired:

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

	Group S$'000
Movement in provision for doubtful debt accounts:	
At 1 January 2008	24,187
Charge for the year	18,855
Written-off	(20,654)
At 31 December 2008 and 1 January 2009	22,388
Acquisition of subsidiary	220
Charge for the year	6,369
Written-off	(15,583)
At 31 December 2009	13,394

18. OTHER DEBTORS

	Group		
	31-Dec-09 S$'000	31-Dec-08 S$'000	1-Jan-08 S$'000
Deposits	4,483	4,414	3,927
Staff loans (Note 13)	301	313	256
Sundry debtors	8,701	4,500	6,005
	13,485	9,227	10,188

	Company		
	31-Dec-09 S$'000	31-Dec-08 S$'000	1-Jan-08 S$'000
Deposits	3,291	3,296	3,040
Staff loans (Note 13)	301	313	256
Sundry debtors	3,705	2,962	2,619
	7,297	6,571	5,915

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

	Group		
	31-Dec-09 S$'000	31-Dec-08 S$'000	1-Jan-08 S$'000
Due from other related parties	52	186	66
Due to other related parties	(307)	(4,568)	(6,302)

	Company		
	31-Dec-09 S$'000	31-Dec-08 S$'000	1-Jan-08 S$'000
Due from subsidiaries, trade	18,474	2,703	2,429
Due from other related parties	52	186	60
Allowance for impairment	(2,387)	(2,703)	-
	16,139	186	2,489
Due to subsidiaries, trade	(25,880)	(2,202)	(4,814)
Due to other related parties	(296)	(4,473)	(6,053)
	(26,176)	(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.

20. CASH AND CASH EQUIVALENTS

	Group		
	31-Dec-09 S$'000	31-Dec-08 S$'000	1-Jan-08 S$'000
Time deposits	1,659	11,550	16,400
Cash and bank balances	5,780	6,237	6,687
	7,439	17,787	23,087

	Company		
	31-Dec-09 S$'000	31-Dec-08 S$'000	1-Jan-08 S$'000
Time deposits	1,659	11,550	16,400
Cash and bank balances	4,581	5,998	6,526
	6,240	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 0.01% to 0.7% (2008: 0.1% to 1.82% and 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.

21. CREDITORS AND ACCRUALS

	Group		
	31-Dec-09 S$'000	31-Dec-08 S$'000	1-Jan-08 S$'000
Trade creditors	71,453	50,981	49,403
Accrued operating expenses	28,870	36,087	52,447
Accrued capital expenditure	46,913	50,770	52,863
Interest payable	616	718	800
Directors' fees payable	400	388	390
Other creditors	4,797	10,064	8,931
	153,049	149,008	164,834

21. CREDITORS AND ACCRUALS (CONTINUED)

	Company		
	31-Dec-09 S$'000	31-Dec-08 S$'000	1-Jan-08 S$'000
Trade creditors	39,168	42,496	39,895
Accrued operating expenses	26,338	33,610	46,829
Accrued capital expenditure	46,826	50,238	52,586
Interest payable	616	718	800
Directors' fees payable	400	388	390
Other creditors	4,758	9,863	8,720
	118,106	137,313	149,220

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

22. BORROWINGS

	Group and Company		
	31-Dec-09 S$'000	31-Dec-08 S$'000	1-Jan-08 S$'000
Current:			
Current portion of long term loans	250,000	-	-
Short term bank loans	19,000	-	35,000
	269,000	-	35,000
Non-current:			
Long term loans	-	250,000	250,000
	269,000	250,000	285,000

The S$19 million unsecured short-term loans, which are unsecured, bear interest of between 1.16% to 1.2% per annum and is repayable in full in January 2010.

The S$250 million unsecured term loans are repayable in full in May 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 1.55% to 2.80% per annum semi-annually every November and May. The interest rate swap agreements are disclosed in Note 30 to the financial statements and the total notional amount of the interest rate swaps is S$250 million.

23. SHARE CAPITAL

	Group and Company S$'000
Issued and fully-paid:	
Balance as at 1 January 2008	
893,877,782 ordinary shares	114,439
Issued during the financial year	
1,057,000 ordinary shares for cash on exercise of employee share options	1,773
Balance as at 31 December 2008 and 1 January 2009	
894,934,782 ordinary shares	116,212
Issued during the financial year	
164,000 ordinary shares for cash on exercise of employee share options	261
Balance as at 31 December 2009	
895,098,782 ordinary shares	116,473

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 27) 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.

24. HEDGING RESERVE

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

	Group and Company S$'000
At 1 January 2008	(257)
Net loss on fair value changes during the year	(3,851)
Recognised in profit and loss statement on occurrence of hedge transactions	1,953
At 31 December 2008 and 1 January 2009	(2,155)
Net loss on fair value changes during the year	(2,076)
Recognised in profit and loss statement on occurrence of hedge transactions	3,059
At 31 December 2009	(1,172)

25. 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	
	2009 S$'000	2008 S$'000
Sales	(15,178)	(15,497)
Purchases	27,159	26,159

26. COMMITMENTS

a) Capital commitments

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

	Group and Company		
	31-Dec-09 S$'000	31-Dec-08 S$'000	1-Jan-08 S$'000
Capital commitments in respect of fixed assets	9,668	17,100	16,270

b) Operating lease commitments

Rental expenses (principally for land, offices, retail outlets, service centres and base stations) were S$23,363,000 and S$23,170,000 for the financial years ended 31 December 2009 and 2008 respectively.

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

	Group		
	31-Dec-09 S$'000	31-Dec-08 S$'000	1-Jan-08 S$'000
Within one financial year	11,205	14,361	11,926
After one financial year but not more than five financial years	11,173	17,221	16,223
More than five financial years	8,193	9,993	12,357
	30,571	41,575	40,506

26. COMMITMENTS (CONTINUED)

b) Operating lease commitments (continued)

	Company		
	31-Dec-09 S$'000	31-Dec-08 S$'000	1-Jan-08 S$'000
Within one financial year	6,939	10,565	8,795
After one financial year but not more than five financial years	8,721	14,971	13,765
More than five financial years	8,193	9,993	12,357
	23,853	35,529	34,917

27. 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 Chow Kok Kee, 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.

27. 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:

Granted on 9 November 2002:

	Balance at 1 January 2009	Exercised	Cancelled*	Balance at 31 December 2009	Subscription price
Other employees	10,000	-	-	10,000	S$1.25
Total	10,000	-	-	10,000	

Granted on 4 February 2004:

	Balance at 1 January 2009	Exercised	Cancelled*	Balance at 31 December 2009	Subscription price
Directors	360,000	-	-	360,000	S$1.50
Executive officers	344,000	94,000	-	250,000	S$1.50
Other employees	132,000	20,000	-	112,000	S$1.50
Total	836,000	114,000	-	722,000	

Granted on 3 February 2005:

	Balance at 1 January 2009**	Exercised	Cancelled*	Balance at 31 December 2009	Subscription price
Directors	1,515,700	-	-	1,515,700	S$1.81
Executive officers	660,000	50,000	-	610,000	S$1.81
Other employees	1,806,000	-	-	1,806,000	S$1.81
Total	3,981,700	50,000	-	3,931,700	

27. SHARE OPTIONS (CONTINUED)

Granted on 2 February 2006:

	Balance at 1 January 2009**	Exercised	Cancelled*	Balance at 31 December 2009	Subscription price
Directors	1,330,000	-	-	1,330,000	S$2.21
Executive officers	1,372,000	-	-	1,372,000	S$2.21
Other employees	3,127,000	-	-	3,127,000	S$2.21
Total	5,829,000	-	-	5,829,000	

Granted on 6 February 2007:

	Balance at 1 January 2009**	Exercised	Cancelled*	Balance at 31 December 2009	Subscription price
Directors	1,410,000	-	(376,000)	1,034,000	S$2.17
Executive officers	1,451,000	-	-	1,451,000	S$2.17
Other employees	3,184,000	-	-	3,184,000	S$2.17
Total	6,045,000	-	(376,000)	5,669,000	

Granted on 11 February 2008:

	Balance at 1 January 2009**	Exercised	Cancelled*	Balance at 31 December 2009	Subscription price
Directors	1,410,000	-	(658,000)	752,000	S$1.90
Executive officers	1,617,000	-	-	1,617,000	S$1.90
Other employees	3,882,000	-	-	3,882,000	S$1.90
Total	6,909,000	-	(658,000)	6,251,000	

Granted on 2 February 2009:

	Balance at 2 February 2009**	Exercised	Cancelled*	Balance at 31 December 2009	Subscription price
Directors	480,000	-	-	480,000	S$1.60
Executive officers	1,785,000	-	-	1,785,000	S$1.60
Other employees	4,530,000	-	-	4,530,000	S$1.60
Total	6,795,000	-	-	6,795,000	

Granted on 4 June 2009:

	Balance at 4 June 2009	Exercised	Cancelled*	Balance at 31 December 2009	Subscription price
Directors	320,000	-	-	320,000	S$1.60
Total	320,000	-	-	320,000	

* *Cancelled when staff resigned from the Company*

** *Certain number of share option granted were re-stated due to appointment of an executive director in 2009*

27. SHARE OPTIONS (CONTINUED)

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

The weighted average fair value of options granted during the financial year was S$0.22 (2008: S$0.24).

The weighted average share price at the date of exercise of the options exercised during the financial year was S$1.74 (2008: S$2.00).

The weighted average remaining contractual life for options outstanding at the end of the financial year is 7.3 years (31 December 2008: 7.7 years and 1 January 2008: 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 commencement of Scheme to end of financial year	Aggregate options exercised since commencement of Scheme to end of financial year	Aggregate options outstanding at end of financial year	Subscription price
Karen Kooi Lee Wah	800,000	4,515,000	1,809,300	2,705,700	$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 2009 and 31 December 2008 are shown below:

Date of grant	4-Jun-09	2-Feb-09	11-Feb-08
Dividend Yield (%)	8.97	8.01	7.83
Expected Volatility (%)	29	28	26
Risk-free interest rate (%)	0.66	0.78	1.84
Expected life of option (years)	3.1	3.1	3.1
Share price (S$)	1.50	1.68	1.89
Exercise price (S$)	1.60	1.60	1.90

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.

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's instruments are, in the normal course of business, exposed to interest rate, foreign currency, credit and liquidity risks. The Group's risk management strategy aims to minimise the adverse effects of financial risk on the financial performance of the Group. 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 2009 and 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 statement of financial position date, such foreign currency balances (mainly in USD and Euro) amount to S$2,522,000 (31 December 2008: S$2,107,000 and 1 January 2008: 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 statement of financial position date, the Group's currency exposures are insignificant.

Liquidity risk

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

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

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Group

	1 year or less S$'000 (Restated)	1 to 5 years S$'000	Total S$'000 (Restated)
Creditors	164,834	-	164,834
Other liabilities and derivatives	54,702	-	54,702
Borrowings	35,000	250,000	285,000
As at 1-Jan-08	254,536	250,000	504,536
Creditors	149,008	-	149,008
Other liabilities and derivatives	49,798	-	49,798
Borrowings	-	250,000	250,000
As at 31-Dec-08	198,806	250,000	448,806
Creditors	153,049	-	153,049
Other liabilities and derivatives	40,743	-	40,743
Borrowings	269,000	-	269,000
As at 31-Dec-09	462,792	-	462,792

Company

	1 year or less S$'000 (Restated)	1 to 5 years S$'000	Total S$'000 (Restated)
Creditors	149,220	-	149,220
Other liabilities and derivatives	59,189	-	59,189
Borrowings	35,000	250,000	285,000
As at 1-Jan-08	243,409	250,000	493,409
Creditors	137,313	-	137,313
Other liabilities and derivatives	51,781	-	51,781
Borrowings	-	250,000	250,000
As at 31-Dec-08	189,094	250,000	439,094
Creditors	118,106	-	118,106
Other liabilities and derivatives	63,105	-	63,105
Borrowings	269,000	-	269,000
As at 31-Dec-09	450,211	-	450,211

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

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 2009 in relation to each class of recognised financial assets, other than derivatives, is the carrying amount of those assets as indicated in the statement of financial position.

29. FAIR VALUES OF FINANCIAL INSTRUMENTS

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

Financial instruments carried at fair value

The Company has carried all derivative financial instruments at their fair value as required by FRS 39.

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 statement of financial position date.

30. DERIVATIVES

As at 31 December 2009, the Company has two (31 December 2008: two and 1 January 2008: 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 1.55% to 2.80% (2008: 2.33% to 2.80% and 2007: 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 2009 was S$1,412,000 (31 December 2008: S$2,627,000 and 1 January 2008: S$314,000), which is included in hedging reserve. There was no impact to profit and loss statement.

31. 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.

31. CAPITAL MANAGEMENT (CONTINUED)

	Group		
	31-Dec-09 S$'000	31-Dec-08 S$'000	1-Jan-08 S$'000
Borrowings			
– Current	269,000	-	35,000
– Non-current	-	250,000	250,000
Cash and cash equivalents	7,439	17,787	23,087
Shareholders' equity	256,113	223,232	201,911

	Company		
	31-Dec-09 S$'000	31-Dec-08 S$'000	1-Jan-08 S$'000
Borrowings			
– Current	269,000	-	35,000
– Non-current	-	250,000	250,000
Cash and cash equivalents	6,240	17,548	22,926
Shareholders' equity	235,845	220,905	204,098

32. DIVIDENDS

	Group and Company	
	2009 S$'000	2008 S$'000
Declared and paid during the financial year:		
Final – the previous year		
7.2 cents (2008: 8.3 cents) per ordinary share (one-tier tax)	64,439	74,264
Interim – the current year		
6.2 cents (2008: 6.2 cents) per ordinary share (one-tier tax)	55,493	55,486
	119,932	129,750
Proposed but not recognised as a liability as at 31 December:		
Final		
7.2 cents (2008: 7.2 cents) per ordinary share (one-tier tax)	64,453	64,435

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 2009 for approval by shareholders at the forthcoming Annual General Meeting of the Company.

33. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements for the year ended 31 December 2009 were authorised for issue in accordance with a resolution of the directors on 2 February 2010.

MAJOR PROPERTIES

Name	:	Main Operations Centre (MOC)
Use	:	Head office and Switch Centre
Address	:	10 International Business Park, Singapore 609928
Land Area (Sq m)	:	8,442
Date of Purchase	:	8 October 1996
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 23 February 2010

Issued and fully paid-up capital : S$118,282,352.72
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	3,425	39.94	2,803,832	0.31
1,000 – 10,000	4,389	51.18	16,423,178	1.83
10,001 – 1,000,000	749	8.73	34,126,265	3.81
1,000,001 AND ABOVE	13	0.15	842,813,007	94.05
Total	**8,576**	**100.0**	**896,166,282**	**100.0**

TWENTY LARGEST SHAREHOLDERS

No.	Size of Shareholdings	No. of Shares	%
1.	RAFFLES NOMINEES (PTE) LTD	302,461,450	33.75
2.	KEPPEL TELECOMS PTE LTD	178,864,000	19.96
3.	SPH MULTIMEDIA PTE LTD	124,453,000	13.89
4.	CITIBANK NOMINEES SINGAPORE PTE LTD	76,940,949	8.59
5.	DBS NOMINEES PTE LTD	61,249,827	6.83
6.	HSBC (SINGAPORE) NOMINEES PTE LTD	59,793,432	6.67
7.	DBSN SERVICES PTE LTD	21,937,118	2.45
8.	UNITED OVERSEAS BANK NOMINEES PTE LTD	7,744,015	0.86
9.	DB NOMINEES (S) PTE LTD	2,897,478	0.32
10.	MORGAN STANLEY ASIA (SINGAPORE) SECURITIES PTE LTD	1,968,000	0.22
11.	BNP PARIBAS SECURITIES SERVICES SINGAPORE BRANCH	1,885,000	0.21
12.	SOCIETE GENERALE SINGAPORE BRANCH	1,534,600	0.17
13.	MERRILL LYNCH (SINGAPORE) PTE LTD	1,084,138	0.12
14.	BNP PARIBAS NOMINEES SINGAPORE PTE LTD	953,350	0.11
15.	DBS VICKERS SECURITIES (S) PTE LTD	724,800	0.08
16.	G K GOH STRATEGIC HOLDINGS PTE LTD	700,000	0.08
17.	CHIA KUM HO	550,000	0.06
18.	ALPHA SECURITIES PTE LTD	520,000	0.06
19.	LEE SHIU	508,000	0.06
20.	YEO SENG KIA	500,000	0.06
Total		**847,269,157**	**94.55**

STATISTICS OF SHAREHOLDINGS

as at 23 February 2010

SUBSTANTIAL SHAREHOLDERS

Name	No. of Shares Direct Interest	Deemed Interest	Total Interest	%
SunShare Investments Ltd	265,410,150	-	265,410,150	29.62
Khazanah Nasional Berhad	-	265,410,150[1]	265,410,150	29.62
Axiata Group Berhad	-	265,410,150[1]	265,410,150	29.62
Temasek Holdings (Private) Limited	-	179,506,360[2]	179,506,360	20.03
Keppel Telecoms Pte Ltd	178,864,000	-	178,864,000	19.96
Keppel Communications Pte Ltd	-	178,864,000[3]	178,864,000	19.96
DataOne (Asia) Pte Ltd	-	178,864,000[3]	178,864,000	19.96
Keppel Telecommunications & Transportation Ltd	-	178,864,000[3]	178,864,000	19.96
Keppel Corporation Limited	-	178,864,000[3]	178,864,000	19.96
SPH Multimedia Private Limited	124,453,000	-	124,453,000	13.89
Singapore Press Holdings Limited	-	124,453,000[4]	124,453,000	13.89

Notes:

[1] *Each of Khazanah Nasional Berhad and Axiata Group Berhad 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 (Private) Limited is deemed to be interested in the 179,506,360 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 36.51% of the issued share capital of the Company were held in the hands of the public (on the basis of information available to the Company).

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

CORPORATE INFORMATION

BOARD OF DIRECTORS
Teo Soon Hoe, Chairman
Karen Kooi Lee Wah, CEO
Roger Barlow
Chow Kok Kee
Jamaludin Ibrahim
Low Huan Ping
Alan Ow Soon Sian
Reggie Thein
Thio Su Mien
Patrick Yeoh Khwai Hoh
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 SECRETARIES
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Partner-in-charge (since 2006): Tan Wee Khim

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The Development Bank of Singapore Limited

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NOTES

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