



NETLINK NBN TRUST AND ITS SUBSIDIARIES

FINANCIAL STATEMENTS ANNOUNCEMENT

For The Third Quarter
and
Nine Months ended 31 December 2018

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The joint issue managers of the initial public offering and listing of NetLink NBN Trust were DBS Bank Ltd., Morgan Stanley Asia (Singapore) Pte., and UBS AG, Singapore Branch. The joint underwriters of the initial public offering and listing of NetLink NBN Trust were DBS Bank Ltd., Morgan Stanley Asia (Singapore) Pte., UBS AG, Singapore Branch, Merrill Lynch (Singapore) Pte. Ltd., Citigroup Global Markets Singapore Pte. Ltd., The Hong Kong and Shanghai Banking Corporation Limited, Singapore Branch, Oversea-Chinese Banking Corporation Limited, and United Overseas Bank Limited. The joint issue managers and joint underwriters of the initial public offering assume no responsibility for the contents of this announcement.

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NETLINK NBN TRUST AND ITS SUBSIDIARIES

For The Third Quarter and Nine Months ended 31 December 2018

INTRODUCTION

NetLink NBN Trust (the “Trust”) is a business trust constituted in Singapore pursuant to a trust deed dated 19 Jun 2017 under the laws of the Republic of Singapore. The Trust was dormant from the date of its constitution until it acquired all the units of NetLink Trust (“NLT”) on 19 Jul 2017, the date on which the Trust was listed (“Listing Date”) on the Main Board of the Singapore Exchange Securities Trading Limited (“SGX-ST”). The Trust and its subsidiaries taken as a whole shall hereinafter be referred to as “Trust Group” or “Group”.

The Trust Group’s nationwide network is the foundation of the Next Generation National Broadband Network (“Next Gen NBN”), over which ultra-high speed internet access is delivered throughout mainland Singapore and its connected islands. The Trust Group designs, builds, owns and operates the passive fibre network infrastructure (comprising ducts, manholes, fibre cables and central offices) of Singapore’s Next Gen NBN. The Trust Group’s extensive network provides nationwide coverage to residential homes and non-residential premises in mainland Singapore and its connected islands.

The principal services provided by the Trust Group are as follows: (i) the use of the Trust Group’s network for the purpose of end-user fibre connections, currently for broadband, internet-protocol TV and voice-over internet protocol services, (ii) the use of the other passive infrastructure to provide fibre connections, and (iii) the provision of other non-fibre ancillary services.

With respect to the use of the Trust Group’s network for the purpose of end-user fibre connections, the network provides three separate connections: (a) residential end-user connections, (b) non-residential end-user connections, and (c) non-building address points (“NBAP”) connections. The provision of mandated services set forth in its facilities-based operations licence by the Trust Group is regulated, whereby the Trust Group must offer such services to all Qualifying Persons in Singapore, with each requesting Qualifying Person being a Requesting Licensee, at regulated prices, without preference or discrimination.

NETLINK NBN TRUST AND ITS SUBSIDIARIES

For The Third Quarter and Nine Months ended 31 December 2018

SUMMARY OF THE TRUST GROUP RESULTS

	Q3 FY19			Nine Months ended		
	Quarter ended 31 Dec 2018			31 Dec 2018		
	Actual	Projection ⁽¹⁾	Variance	Actual	Projection ⁽¹⁾	Variance
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue ⁽²⁾	89,012	86,108	3.4	265,717	254,779	4.3
EBITDA ⁽³⁾⁽⁴⁾	62,834	60,588	3.7	185,065	178,355	3.8
EBITDA Margin ⁽³⁾⁽⁴⁾	70.6%	70.4%		69.6%	70.0%	
Profit after tax for the period ⁽⁴⁾	19,630	16,693	17.6	57,339	47,761	20.1

Note:

(1) Projection for the quarter and nine months ended 31 Dec 2018 was part of the Projection Year 2019's projection disclosed in the prospectus dated 10 Jul 2017 (the "Prospectus").

(2) Revenue for the quarter and nine months ended 31 Dec 2018 were higher than the projection mainly due to higher diversion revenue and ducts and manholes service revenue. This was partially offset by the lower than projected installation-related revenue.

(3) EBITDA is a non-SFRS financial measure and represents operating profit before depreciation and amortisation expense, net finance costs and income tax expense. EBITDA and EBITDA margin are supplemental financial measures of the Trust Group's performance and liquidity, and are not required by, or presented in accordance with SFRS, IFRS, Singapore Financial Reporting Standards (International), U.S. GAAP or any other generally accepted accounting principles. Furthermore, EBITDA and EBITDA margin are not measures of financial performance or liquidity, and should not be considered as alternatives to net income, operating income or any other performance measures derived in accordance with SFRS, IFRS, Singapore Financial Reporting Standards (International), U.S. GAAP or any other generally accepted accounting principles.

(4) EBITDA and Profit After Tax for the quarter ended 31 Dec 2018 were higher than the projection by 3.7% and 17.6% respectively. EBITDA and Profit After Tax for the nine months ended 31 Dec 2018 were higher than the projection by 3.8% and 20.1% respectively. The EBITDA margins for the nine months ended 31 Dec 2018 were lower than projection mainly due to the higher than projected diversion revenues which carry lower margins as compared to the overall EBITDA margins of the Trust Group. Excluding the impact of the higher diversion revenues, the Trust Group would have achieved margins of 71.2% for the nine months ended 31 Dec 2018. Further details of the Trust Group's financial performance are provided in Notes 15 & 16.

NETLINK NBN TRUST AND ITS SUBSIDIARIES

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Group	Note	Quarter ended			Nine Months ended		
		31 Dec 2018	31 Dec 2017	Variance	31 Dec 2018	31 Dec 2017	Variance
		S\$'000 (Unaudited)	S\$'000 (Unaudited)	(%)	S\$'000 (Unaudited)	S\$'000 (Unaudited)	(%)
Revenue		89,012	83,417	6.7	265,717	148,173	79.3
Other income	2	815	339	140.4	2,366	493	N.M. ⁽¹⁾
Expenses							
Operation and maintenance costs		(5,752)	(3,059)	88.0	(15,078)	(5,569)	170.7
Installation costs		(3,981)	(3,149)	26.4	(10,550)	(5,634)	87.3
Diversion costs		(1,612)	(493)	227.0	(8,897)	(1,314)	N.M. ⁽¹⁾
Depreciation & amortisation		(40,243)	(39,039)	3.1	(120,049)	(71,505)	67.9
Staff costs		(6,190)	(4,257)	45.4	(17,209)	(8,178)	110.4
Finance costs	3	(4,976)	(4,289)	16.0	(14,254)	(7,723)	84.6
Management fee		(225)	(225)	-	(691)	(650)	6.3
Other operating expenses	4	(8,742)	(9,289)	(5.9)	(29,308)	(17,221)	70.2
Total expenses		(71,721)	(63,800)	12.4	(216,036)	(117,794)	83.4
Profit before income tax		18,106	19,956	(9.3)	52,047	30,872	68.6
Income tax credit	5	1,524	1,714	(11.1)	5,292	3,784	39.9
Profit after income tax		19,630	21,670	(9.4)	57,339	34,656	65.5
Profit attributable to:							
Unitholders of the Trust		19,630	21,670		57,339	34,656	
Other comprehensive (loss)/ income							
Items that may be subsequently reclassified to profit or loss							
Cash flow hedges		(4,075)	1,050	N.M. ⁽¹⁾	(1,573)	2,542	(161.9)
Total comprehensive income attributable to:							
Unitholders of the Trust		15,555	22,720	(31.5)	55,766	37,198	49.9
Earnings per unit:							
- basic and diluted		0.50 cents	0.56 cents		1.47 cents	0.89 cents	
Weighted average number of units ('000) in issue for calculation of basic and diluted earnings per unit (Unaudited)		3,896,971	3,896,971		3,896,971	3,890,019	

(1) N.M. = not meaningful.

Note:

Although NetLink NBN Trust was constituted on 19 Jun 2017, operating activities only commenced upon the acquisition of NetLink Trust which was completed on Listing Date, 19 Jul 2017. The nine months ended 31 Dec 2017 has a shorter financial period of 166 days (calculated from the Listing Date to 31 Dec 2017) as compared to 275 days for the nine months ended 31 Dec 2018. As the number of days making up nine months ended 31 Dec 2018 is different from the number of days in the comparative period ended 31 Dec 2017, it is not meaningful to make a comparison. For a comparison of the financial performance for the period nine months ended 31 Dec 2018 against the Trust Group's projection disclosed in the Prospectus for Projection Year 2019, please refer to Note 16.

NETLINK NBN TRUST AND ITS SUBSIDIARIES

For The Third Quarter and Nine Months ended 31 December 2018

STATEMENTS OF FINANCIAL POSITION (GROUP AND TRUST)

	Note	Group		Trust	
		As at 31 Dec 2018 S\$'000 (Unaudited)	As at 31 Mar 2018 S\$'000 (Audited)	As at 31 Dec 2018 S\$'000 (Unaudited)	As at 31 Mar 2018 S\$'000 (Audited)
ASSETS					
Current assets					
Cash and bank deposits		101,846	166,449	503	861
Trade and other receivables		71,017	63,511	29,141	81,102
Finance lease receivables		217	208	-	-
Inventories		4,753	3,889	-	-
Other current assets		2,088	4,076	323	360
		179,921	238,133	29,967	82,323
Non-current assets					
Finance lease receivables		87,716	87,880	-	-
Property, plant and equipment		3,147,767	3,210,668	-	-
Rental deposits		673	713	-	-
Goodwill		746,854	746,854	-	-
Licence		89,624	92,802	-	-
Investment in subsidiaries		-	-	2,013,673	2,013,673
Subordinated loan to a subsidiary		-	-	1,100,000	1,100,000
		4,072,634	4,138,917	3,113,673	3,113,673
Total assets		4,252,555	4,377,050	3,143,640	3,195,996
LIABILITIES					
Current liabilities					
Trade and other payables		49,848	48,374	299	685
Deferred revenue		16,481	12,485	-	-
Current tax liabilities		1,838	-	-	-
		68,167	60,859	299	685
Non-current liabilities					
Derivative financial instruments	6	1,817	244	-	-
Loans	7	634,354	588,742	-	-
Deferred tax liabilities		539,421	552,827	-	-
		1,175,592	1,141,813	-	-
Total liabilities		1,243,759	1,202,672	299	685
Net Assets		3,008,796	3,174,378	3,143,341	3,195,311
UNITHOLDERS' FUNDS					
Units in issue	8	3,117,178	3,117,178	3,117,178	3,117,178
(Accumulated deficit)/Retained earnings		(114,059)	49,950	26,163	78,133
Hedging reserve		5,677	7,250	-	-
Total Unitholders' funds		3,008,796	3,174,378	3,143,341	3,195,311

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STATEMENTS OF CHANGES IN UNITHOLDERS' FUNDS (GROUP)

	Group			
	Quarter ended 31 Dec 2018 S\$'000 (Unaudited)	Quarter ended 31 Dec 2017 S\$'000 (Unaudited)	Nine Months ended 31 Dec 2018 S\$'000 (Unaudited)	Nine Months ended 31 Dec 2017 ^(a) S\$'000 (Unaudited)
Units in issue at the beginning of period	3,117,178	3,114,485	3,117,178	*
Transactions with Unitholders, recognised directly in equity:				
Issue of units	-	-	-	3,156,547
Listing expenses debited directly into equity	-	(59)	-	(42,121)
Units in issue at the end of period	3,117,178	3,114,426	3,117,178	3,114,426
(Accumulated deficit)/Retained earnings at the beginning of period	(38,603)	12,986	49,950	-
Profit for the period	19,630	21,670	57,339	34,656
Distribution paid	(95,086)	-	(221,348)	-
(Accumulated deficit)/Retained earnings at the end of period	(114,059)	34,656	(114,059)	34,656
Hedging reserves at the beginning of period	9,752	1,492	7,250	-
Other comprehensive (loss)/ income for the period	(4,075)	1,050	(1,573)	2,542
Hedging reserves at the end of period	5,677	2,542	5,677	2,542
Total	3,008,796	3,151,624	3,008,796	3,151,624

* Amount less than S\$1,000

(a) Please refer to the Note on page 4.

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For The Third Quarter and Nine Months ended 31 December 2018

STATEMENTS OF CHANGES IN UNITHOLDERS' FUNDS (TRUST)

	Trust			
	Quarter ended		Nine Months ended	
	31 Dec 2018	31 Dec 2017	31 Dec 2018	31 Dec 2017 ^(a)
	S\$'000 (Unaudited)	S\$'000 (Unaudited)	S\$'000 (Unaudited)	S\$'000 (Unaudited)
Units in issue at the beginning of period	3,117,178	3,114,485	3,117,178	*
Transactions with Unitholders, recognised directly in equity:				
Issue of units	-	-	-	3,156,547
Listing expenses debited directly into equity	-	(59)	-	(42,121)
Units in issue at the end of period	<u>3,117,178</u>	<u>3,114,426</u>	<u>3,117,178</u>	<u>3,114,426</u>
Retained earnings at the beginning of period	55,198	21,690	78,133	-
Profit for the period	66,051	28,460	169,378	50,150
Distribution paid	(95,086)	-	(221,348)	-
Retained earnings at the end of period	<u>26,163</u>	<u>50,150</u>	<u>26,163</u>	<u>50,150</u>
Total	<u>3,143,341</u>	<u>3,164,576</u>	<u>3,143,341</u>	<u>3,164,576</u>

* Amount less than S\$1,000

(a) Please refer to the Note on page 4.

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CONSOLIDATED STATEMENT OF CASH FLOWS

Group	Quarter ended		Nine Months ended	
	31 Dec 2018	31 Dec 2017	31 Dec 2018	31 Dec 2017 ^(a)
	S\$'000 (Unaudited)	S\$'000 (Unaudited)	S\$'000 (Unaudited)	S\$'000 (Unaudited)
Operating activities				
Profit before income tax	18,106	19,956	52,047	30,872
Adjustments for:				
- Depreciation and amortisation	40,243	39,039	120,049	71,505
- Amortisation of transaction fees	205	204	612	373
- Write-back of impairment for trade receivables	(84)	(40)	(62)	(142)
- Provision for stock obsolescence	55	10	61	45
- Interest expense	4,771	4,085	13,642	7,350
- Interest income	(490)	(125)	(1,285)	(161)
- Gain on disposal of property, plant and equipment	-	-	(1)	(5)
- Property, plant and equipment written off	562	340	2,019	364
Operating cash flows before working capital changes	63,368	63,469	187,082	110,201
Changes in working capital:				
- Trade and other receivables	737	3,165	(5,787)	14,733
- Trade and other payables	4,562	(4,996)	6,529	(4,116)
- Inventories	(256)	1,302	(925)	2,236
Cash generated from operations	68,411	62,940	186,899	123,054
Interest received	490	125	1,285	161
Interest paid	(4,836)	(3,994)	(13,625)	(16,187)
Income tax paid	(2,421)	(4,932)	(5,751)	(9,887)
Net cash from operating activities	61,644	54,139	168,808	97,141
Investing activities				
Acquisition of subsidiaries, net of cash	-	(16,056)	-	(1,092,322)
Purchase of property, plant and equipment	(17,655)	(60,780)	(57,058)	(188,507)
Proceeds from sale of property, plant and equipment	-	-	3	5
Net cash used in investing activities	(17,655)	(76,836)	(57,055)	(1,280,824)
Financing activities				
Repayment of Unitholder's loan	-	-	-	(1,100,477)
Proceeds from issuance of units, net of IPO expenses	-	(59)	-	2,331,966
Payment of loan arrangement fee	-	-	(8)	-
Distribution paid	(95,086)	-	(221,348)	-
Proceeds from bank loans	-	81,000	45,000	81,000
Net cash (used in)/from financing activities	(95,086)	80,941	(176,356)	1,312,489
Net (decrease)/increase in cash and cash equivalents	(51,097)	58,244	(64,603)	128,806
Cash and cash equivalents at beginning of financial period	152,943	70,562	166,449	-
Cash and cash equivalents at end of financial period	101,846	128,806	101,846	128,806
Cash and cash equivalents consist of:				
Cash and bank balances	93,846	128,806	93,846	128,806
Capital expenditure reserve fund ^(b)	8,000	-	8,000	-
Cash and cash equivalents at end of financial period	101,846	128,806	101,846	128,806

(a) Please refer to the Note on page 4.

(b) NetLink Trust ("NLT") is required by Info-communications Media Development Authority ("IMDA") to set aside monies for at least 20% of capital expenditure reserve fund per year cumulating to S\$40 million over the five-year period from 2018 to 2022, to meet regulatory requirements from IMDA or for any new network infrastructure projects that improve the capacity, technology, capability or resilience of NLT's network infrastructure.

SELECTED NOTES TO THE INTERIM FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The Group prepares its condensed consolidated interim financial information in accordance with Singapore Financial Reporting Standard (International) (“SFRS (I)”) 1-34, Interim Financial Reporting. This interim report should be read in conjunction with the most recent audited financial statements for the period ended 31 Mar 2018.

As disclosed in Note 2 in the audited financial statements for the period ended 31 Mar 2018, the Group will be adopting Singapore Financial Reporting Standards (International) (“SFRS(I)”) for the first time for the financial year ending 31 Mar 2019, with 19 Jun 2017 as the date of transition.

SFRS(I) 1 First-time Adoption of SFRS(I) will be applied for the first set of SFRS(I) financial statements. SFRS(I) 9 Financial Instruments and SFRS(I) 15 Revenue from Contracts with Customers are effective for the Group from 1 Apr 2018.

The accounting policies to be applied for the first set of SFRS(I) financial statements for the year ending 31 Mar 2019 are expected to be the same as those disclosed in Note 2 of the audited financial statements for period ended 31 Mar 2018, except for the changes in accounting policies due to the application of SFRS(I) 9 and SFRS(I) 15. Please refer to Note 2 of the audited financial statements for the period ended 31 Mar 2018 for further details on the effects arising from the application of SFRS(I) and the initial application of SFRS(I) 9 and SFRS(I) 15 for the financial year ending 31 Mar 2019.

2. OTHER INCOME

	Quarter ended		Nine Months ended	
	31 Dec 2018	31 Dec 2017	31 Dec 2018	31 Dec 2017 ^(a)
	S\$'000	S\$'000	S\$'000	S\$'000
Group	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Net gain on disposal of property, plant and equipment	-	-	1	5
Interest income	490	125	1,285	161
Others ⁽¹⁾	325	214	1,080	327
	<u>815</u>	<u>339</u>	<u>2,366</u>	<u>493</u>

(1) Others consists mainly of income from Fibre Readiness Certification, Restoration Cost Recovery, Notice for Commencement of Earthworks, Plant Route Plans and Penalty Issued to Contractors.

NETLINK NBN TRUST AND ITS SUBSIDIARIES

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3. FINANCE COSTS

Group	Quarter ended		Nine Months ended	
	31 Dec 2018	31 Dec 2017	31 Dec 2018	31 Dec 2017 ^(a)
	S\$'000 (Unaudited)	S\$'000 (Unaudited)	S\$'000 (Unaudited)	S\$'000 (Unaudited)
Interest expense on				
- Bank loans	4,232	2,606	11,680	4,418
- Others	35	37	105	67
Financing related costs	357	448	1,132	845
Realised loss on interest rate swaps	352	1,198	1,337	2,393
	<u>4,976</u>	<u>4,289</u>	<u>14,254</u>	<u>7,723</u>

For cash flow purposes, finance costs do not include amortisation of transaction fees. Reconciliation to cash flow statement is as below:-

Finance Costs	4,976	4,289	14,254	7,723
Amortisation of transaction fees	(205)	(204)	(612)	(373)
Interest expense	<u>4,771</u>	<u>4,085</u>	<u>13,642</u>	<u>7,350</u>

4. TOTAL EXPENSES

The total expenses include the following items:-

Group	Quarter ended		Nine Months ended	
	31 Dec 2018	31 Dec 2017	31 Dec 2018	31 Dec 2017 ^(a)
	S\$'000 (Unaudited)	S\$'000 (Unaudited)	S\$'000 (Unaudited)	S\$'000 (Unaudited)
Property tax	4,116	4,110	12,340	7,214
System maintenance costs	1,442	2,166	6,875	3,999
Write-back of impairment for trade receivables	(84)	(40)	(62)	(142)
Property, plant and equipment written off	562	340	2,019	364
Provision for inventory obsolescence	55	10	61	45
	<u>6,091</u>	<u>6,666</u>	<u>21,193</u>	<u>11,880</u>

(a) Please refer to the Note on page 4.

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5. INCOME TAX CREDIT

The reconciliation between tax credit and the product of accounting profit multiplied by the applicable corporate tax rate for the financial period is as follows:

	Quarter ended		Nine Months ended	
	31 Dec 2018	31 Dec 2017	31 Dec 2018	31 Dec 2017 ^(a)
	S\$'000	S\$'000	S\$'000	S\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit before income tax:	18,106	19,956	52,047	30,872
Income tax expense calculated at a tax rate of 17%	(3,078)	(3,393)	(8,848)	(5,248)
Effect of:				
- Tax benefit on the tax exempted interest income derived from qualifying project debt securities [^]	4,949	4,949	14,793	8,930
- (Under)/Over provision in prior year	(433)	385	(377)	385
- Others	86	(227)	(276)	(283)
Tax credit attributable to current period's profit	1,524	1,714	5,292	3,784

[^] – Relates to the tax benefit on the tax exempted interest income on the S\$1.1 billion in principal amount of subordinated notes due 2037 issued by NLT to the Trust, which are qualifying project debt securities (QPDS).

At the end of the financial period, NLT received an amended assessment relating to Year of Assessment 2014 from the Inland Revenue Authority of Singapore where certain capital allowances claimed by NLT were reduced. These capital allowances were previously transferred to Singtel group under the group tax relief system. The additional assessments for the Singtel group amounts to S\$120 million. The amended assessment does not result in any tax payable by NLT under the transfer agreement with Singtel group.

6. FAIR VALUE MEASUREMENTS

The Group classifies financial assets and liabilities measured at fair value using a fair value hierarchy which reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:-

- a) quoted prices (unadjusted) in active markets for identical assets or liabilities **(Level 1)**;
- b) inputs other than quoted prices included within Level 1 which are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) **(Level 2)**; and
- c) inputs for the asset or liability which are not based on observable market data (unobservable inputs) **(Level 3)**

The following tables present the assets and liabilities measured at fair value as at the following balance sheet dates:-

Group				
31 Dec 2018	Level 1	Level 2	Level 3	Total
(Unaudited)	S\$'000	S\$'000	S\$'000	S\$'000

Financial liabilities

Derivative financial instruments	-	1,817	-	1,817
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Group				
31 Mar 2018	Level 1	Level 2	Level 3	Total
(Audited)	S\$'000	S\$'000	S\$'000	S\$'000

Financial liabilities

Derivative financial instruments	-	244	-	244
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The Group uses interest rate swaps to manage its exposure to interest rate movements on its bank borrowings. The Group currently has S\$636.0 million (31 Mar 2018: S\$591.0 million) bank loan outstanding and has entered into a series of interest rate swaps to convert the variable interest rates on its bank loan into fixed interest rates, for a total notional principal amount of S\$636.0 million (31 Mar 2018: S\$510.0 million) over the period of the bank loan. Accordingly, 100% (31 Mar 2018: 86%) of the interest in respect of the outstanding amounts under the Group's existing bank loans has been hedged.

7. GROUP'S BORROWINGS AND DEBT SECURITY

	Group			
	Effective Average Interest rate	As at 31 Dec 2018	Effective Average Interest rate	As at 31 Mar 2018
	(%)	S\$'000 (Unaudited)	(%)	S\$'000 (Audited)
Unsecured borrowings				
Repayable after one year				
- Bank loans (unsecured)	2.81	634,354	2.62	588,742

Committed revolving credit facility ("RCF") and term loan		Utilised As at 31 Dec 2018	Utilised As at 31 Mar 2018
Commencement Date	Terms	S\$'000 (Unaudited)	S\$'000 (Audited)
- 24 Mar 2016	S\$510 million Five-Year Term Loan	510,000	510,000
- 24 Mar 2016	S\$90 million Five-Year RCF	-	-
- 15 Jun 2017	S\$210 million Three-Year RCF	126,000	81,000
		636,000	591,000
	Transaction costs	(1,646)	(2,258)
		634,354	588,742

8. UNITS IN ISSUE

Group and Trust	Number of units			
	Quarter ended		Nine Months ended	
	31 Dec 2018	31 Dec 2017	31 Dec 2018	31 Dec 2017 ^(a)
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Balance as at beginning of period	3,896,971,100	3,896,971,100	3,896,971,100	1
Issue of new units	-	-	-	3,896,971,099
Balance as at end of period	3,896,971,100	3,896,971,100	3,896,971,100	3,896,971,100

(a) Please refer to the Note on page 4.

NETLINK NBN TRUST AND ITS SUBSIDIARIES

For The Third Quarter and Nine Months ended 31 December 2018

9. NET ASSET VALUE

	Group		Trust	
	As at 31 Dec 2018 Units (Unaudited)	As at 31 Mar 2018 Units (Audited)	As at 31 Dec 2018 Units (Unaudited)	As at 31 Mar 2018 Units (Audited)
NAV per unit based on issued units at the end of period (Cents)	77.2	81.5	80.7	82.0
Number of Units in issue at end of period	3,896,971,100	3,896,971,100	3,896,971,100	3,896,971,100

10. COMMITMENTS

Capital expenditure contracted for at the balance sheet date but not recognised in the financial statements are as follow:

	Group		Trust	
	As at 31 Dec 2018 S\$'000 (Unaudited)	As at 31 Mar 2018 S\$'000 (Audited)	As at 31 Dec 2018 S\$'000 (Unaudited)	As at 31 Mar 2018 S\$'000 (Audited)
Property, plant and equipment	34,940	41,759	-	-

11. SEGMENT INFORMATION

The chief operating decision maker has been determined as the Chief Executive Officer of the Trust Group. The Chief Executive Officer reviews the internal management reports in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

As the Trust Group is principally engaged in the provision of duct and manholes, central offices and space in central offices and fibre related services in Singapore, management considers that the Trust Group operates in one single business and geographical segment.

NETLINK NBN TRUST AND ITS SUBSIDIARIES

For The Third Quarter and Nine Months ended 31 December 2018

12. RELATED PARTY TRANSACTIONS

In addition to the information disclosed elsewhere in the unaudited financial statements, the following transactions took place between the Trust Group and related parties at terms agreed between the parties during the financial period:

	Quarter ended		Nine Months ended	
	31 Dec 2018	31 Dec 2017	31 Dec 2018	31 Dec 2017 ^(a)
	S\$'000	S\$'000	S\$'000	S\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Services rendered to a Unitholder	42,098	40,907	124,757	72,465
Services rendered to a subsidiary of a substantial shareholder of a Unitholder	24,315	22,450	69,246	40,304
Purchase of services from a Unitholder	1,358	1,722	4,969	3,119
Purchase of fixed assets from a Unitholder	1,549	40,680	10,600	145,872
Management fee paid or payable to Trustee-Manager of the Trust	225	225	691	650
Purchase of services from subsidiaries of a substantial shareholder of a Unitholder	1,446	376	2,783	584
Purchases of goods from subsidiaries of a Unitholder	540	671	3,544	1,288

13. DISTRIBUTIONS

No distributions have been declared or recommended for the third quarter ended 31 Dec 2018. In accordance with the Distribution Policy as disclosed in the Prospectus, distributions by the Trust will be made on a semi-annual basis.

A distribution in the total amount of S\$95,086,095 or 2.44 Singapore cents per Unit was declared for the Trust's distribution period for the half year ended 30 Sep 2018 and paid on 27 Nov 2018 by NetLink NBN Management Pte. Ltd. (in its capacity as the trustee-manager of the Trust) as a distribution in cash to the Trust's unitholders. The distribution to unitholders is exempted from Singapore income tax.

14. OTHER INFORMATION

The statements of financial position as at 31 Dec 2018 and the consolidated statement of profit or loss and other comprehensive income, statements of changes in Unitholders' fund and consolidated statement of cash flows for the Nine Months ended 31 Dec 2018 presented in this announcement have not been audited, but have been reviewed by Deloitte & Touche LLP in Singapore in accordance with the Singapore Standard on Review Engagements 2410 – *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* (see review report on [Page 23](#) of this announcement).

(a) Please refer to the Note on page 4.

NETLINK NBN TRUST AND ITS SUBSIDIARIES

For The Third Quarter and Nine Months ended 31 December 2018

15. REVIEW OF PERFORMANCE VARIANCE

	Quarter ended			Nine Months ended		
	31 Dec 2018	31 Dec 2017	Variance	31 Dec 2018	31 Dec 2017 ^(a)	Variance
	S\$'000 (Unaudited)	S\$'000 (Unaudited)	(%)	S\$'000 (Unaudited)	S\$'000 (Unaudited)	(%)
Fibre business revenue:						
Residential connections	52,070	51,877	0.4	152,826	92,927	64.5
Non-residential connections	7,551	6,418	17.7	22,349	11,401	96.0
NBAP and Segment connections	1,710	2,321	(26.3)	5,075	3,892	30.4
Installation-related revenue	6,332	3,222	96.5	16,589	5,672	192.5
Diversion revenue	2,290	849	169.7	12,920	2,263	N.M. ⁽¹⁾
Co-location and Other revenue	5,089	5,636	(9.7)	14,964	9,842	52.0
Total Fibre Business Revenue	75,042	70,323	6.7	224,723	125,997	78.4
Ducts, manholes and Central Office revenue:						
Ducts and manholes service revenue	9,433	8,026	17.5	28,084	14,266	96.9
Central Office revenue	4,537	5,068	(10.5)	12,910	7,910	63.2
Total Ducts, Manholes and Central Office Revenue	13,970	13,094	6.7	40,994	22,176	84.9
Total Revenue	89,012	83,417	6.7	265,717	148,173	79.3

(1) N.M. = not meaningful.

Q3 FY19 vs Q3 FY18

Changes to the regulated pricing of connection services and other one-time charges came into effect from 1 Jan 2018. These changes affect the comparison of the revenues for each of the regulated connection services between the two quarterly periods. Revenue of S\$89.0 million for Q3 FY19 was 6.7% higher than Q3 FY18 mainly due to higher non-residential connections revenue, installation-related revenue, diversion revenue and ducts and manholes service revenue. This was partially offset by lower NBAP and segment connections revenue.

Despite the reduction in monthly recurring charge ("MRC"), residential connections revenue increased by S\$0.2 million due mainly to the higher number of connections of 1,283,801 as at Dec 2018 as compared to 1,165,027 as at Dec 2017. Non-residential connections revenue increased by S\$1.1 million due to higher connections of 45,734 as at Dec 2018 compared to 43,228 as at Dec 2017 and an increase in the MRC. Installation-related revenue was higher by S\$3.1 million due mainly to the new one-time service activation charges for all new connections, which was not part of the pricing regime in Q3 FY18. The increase in diversion revenue of S\$1.4 million was due to the recognition of revenue from more completed projects mainly for government agencies. The higher ducts and manholes service revenue of S\$1.4 million was mainly due to the recovery of costs for ducts and manholes joint-build projects. NBAP and segment connections revenue was lower mainly due to lower MRC although the number of connections had increased.

(a) Please refer to the Note on page 4.

NETLINK NBN TRUST AND ITS SUBSIDIARIES

For The Third Quarter and Nine Months ended 31 December 2018

Total expenses for Q3 FY19 of S\$71.7 million were S\$7.9 million higher than Q3 FY18 mainly due to higher operation and maintenance costs, installation costs, diversion costs, depreciation and amortisation expenses, staff costs and finance costs. Operation and maintenance costs were S\$2.7 million higher mainly due to costs incurred for joint-build projects (in line with higher ducts and manholes service revenue). Installation costs were S\$0.8 million higher mainly due to higher volume of fibre patching works performed in line with higher installation revenue. Diversion costs were S\$1.1 million higher, in line with higher diversion revenue. Depreciation and amortisation expenses were S\$1.2 million higher mainly due to higher asset base. Staff costs for Q3 FY19 were S\$1.9 million higher mainly due to lower capitalisation of staff costs as fewer projects relating to the fibre capacity top-up were completed in Q3 FY19 as compared to Q3 FY18. Finance costs were higher by S\$0.7 million due to higher borrowings and rising interest rates between the comparable periods.

The Trust Group achieved a Profit After Tax of S\$19.6 million for Q3 FY19, which was 9.4% lower than Q3 FY18. NPAT margin was primarily affected by the change of regulated pricing regime from 1 Jan 2018, higher depreciation and amortisation expenses, finance costs and lower capitalisation of staff costs.

NETLINK NBN TRUST AND ITS SUBSIDIARIES

For The Third Quarter and Nine Months ended 31 December 2018

16. REVIEW OF PERFORMANCE VARIANCE BETWEEN ACTUAL AND PROJECTION

	Q3 FY19			Nine Months ended		
	Quarter ended 31 Dec 2018			31 Dec 2018		
	Actual	Projection	Variance	Actual	Projection	Variance
	S\$'000	S\$'000	(%)	S\$'000	S\$'000	(%)
	(Unaudited)	(Unaudited)		(Unaudited)	(Unaudited)	
Revenue	89,012	86,108	3.4	265,717	254,779	4.3
Other income	815	-	N.M ⁽¹⁾	2,366	-	N.M ⁽¹⁾
Expenses						
Operation and maintenance costs	(5,752)	(4,391)	31.0	(15,078)	(13,172)	14.5
Installation costs	(3,981)	(3,839)	3.7	(10,550)	(11,383)	(7.3)
Diversion costs	(1,612)	(600)	168.7	(8,897)	(1,800)	N.M ⁽¹⁾
Depreciation & amortisation	(40,243)	(40,865)	(1.5)	(120,049)	(122,595)	(2.1)
Staff costs	(6,190)	(6,401)	(3.3)	(17,209)	(19,202)	(10.4)
Finance costs	(4,976)	(5,588)	(11.0)	(14,254)	(15,674)	(9.1)
Management fee	(225)	(242)	(7.0)	(691)	(726)	(4.8)
Other operating expenses	(8,742)	(10,047)	(13.0)	(29,308)	(30,141)	(2.8)
Total expenses	(71,721)	(71,973)	(0.4)	(216,036)	(214,693)	0.6
Profit before income tax	18,106	14,135	28.1	52,047	40,086	29.8
Income tax credit	1,524	2,558	(40.4)	5,292	7,675	(31.0)
Profit after income tax	19,630	16,693	17.6	57,339	47,761	20.1
Earnings per unit	0.50 cents	0.43 cents		1.47 cents	1.23 cents	

NETLINK NBN TRUST AND ITS SUBSIDIARIES

For The Third Quarter and Nine Months ended 31 December 2018

	Q3 FY19			Nine Months ended		
	Quarter ended 31 Dec 2018			31 Dec 2018		
	Actual	Projection	Variance	Actual	Projection	Variance
	S\$'000	S\$'000	(%)	S\$'000	S\$'000	(%)
	(Unaudited)	(Unaudited)		(Unaudited)	(Unaudited)	
Fibre business revenue:						
Residential connections	52,070	51,364	1.4	152,826	151,172	1.1
Non-residential connections	7,551	7,384	2.3	22,349	21,932	1.9
NBAP and Segment connections	1,710	1,576	8.5	5,075	4,728	7.3
Installation-related revenue	6,332	7,465	(15.2)	16,589	22,217	(25.3)
Diversion revenue	2,290	800	186.3	12,920	2,400	N.M. ⁽¹⁾
Co-location and Other revenue	5,089	5,483	(7.2)	14,964	16,222	(7.8)
Total Fibre Business Revenue	75,042	74,072	1.3	224,723	218,671	2.8
Ducts, manholes and Central Office revenue:						
Ducts and manholes service revenue	9,433	7,767	21.4	28,084	23,301	20.5
Central Office revenue	4,537	4,269	6.3	12,910	12,807	0.8
Total Ducts, Manholes and Central Office Revenue	13,970	12,036	16.1	40,994	36,108	13.5
Total Revenue	89,012	86,108	3.4	265,717	254,779	4.3

(1) N.M. = not meaningful.

Q3 FY19

Revenue of S\$89.0 million for Q3 FY19 was 3.4% higher than the projection mainly due to higher diversion revenue and ducts and manholes service revenue. This was partially offset by the lower than projected installation-related revenue. The increase in diversion revenue of S\$1.5 million was due to the recognition of revenue from completed projects mainly for government agencies. The higher ducts and manholes service revenue of S\$1.7 million was mainly due to recovery of costs for ducts and manholes joint-build projects.

Total expenses for Q3 FY19 of S\$71.7 million were S\$0.3 million lower than projection mainly due to lower depreciation and amortisation expenses, finance costs and other operating expenses, partially offset by higher operation and maintenance costs and diversion costs which were in line with higher revenue. Depreciation and amortisation expenses were S\$0.6 million lower following the finalisation of purchase price allocation for the acquisition of NLT at IPO. Finance costs were less than projection by S\$0.6 million due to lower debt drawdown as a result of stronger operational cash flow. Other operating expenses were S\$1.3 million lower mainly due to lower IT maintenance costs. Income tax credit was lower by S\$1.0 million due to higher taxable profits than projected.

The Trust Group achieved a Profit After Tax of S\$19.6 million for Q3, which was 17.6% higher than projection.

NETLINK NBN TRUST AND ITS SUBSIDIARIES

For The Third Quarter and Nine Months ended 31 December 2018

Nine Months ended 31 December 2018

Revenue of S\$265.7 million for the nine months ended 31 Dec 2018 was 4.3% higher than the projection mainly due to higher diversion revenue and ducts and manholes service revenue. This was partially offset by the lower than projected installation-related revenue. The increase in diversion revenue of S\$10.5 million was due to the recognition of revenue from completed projects mainly for government agencies. The higher ducts and manholes service revenue of S\$4.8 million was mainly due to recovery of costs for ducts and manholes joint-build projects.

Total expenses for the nine months ended 31 Dec 2018 of S\$216.0 million were S\$1.3 million higher than projection mainly due to higher operation and maintenance costs and diversion costs, which were in line with the higher revenue. All other expenses comprising mainly installation costs, depreciation and amortisation expenses, staff costs, finance costs and other operating expenses were lower than projected. Installation costs were S\$0.8 million lower, in line with lower installation revenue. Depreciation and amortisation expenses were S\$2.5 million lower following the finalisation of purchase price allocation for the acquisition of NLT at IPO. Staff costs for the nine months ended 31 Dec 2018 were S\$2.0 million lower mainly due to lower salary costs as the actual average headcount was lower as compared to the projection. Finance costs were less than projection by S\$1.4 million due to lower debt drawdown as a result of stronger operational cash flow. Other operating expenses were S\$0.8 million lower mainly due to lower IT maintenance costs. Income tax credit was lower by S\$2.4 million due to higher taxable profits than projected.

The Trust Group achieved a Profit After Tax of S\$57.3 million for the nine months ended 31 Dec 2018, which was 20.1% higher than projection.

REVIEW OF PERFORMANCE - STATEMENTS OF FINANCIAL POSITION

The Group reported total assets as at 31 Dec 2018 of S\$4,252.6 million, S\$124.5 million lower than total assets of S\$4,377.1 million as at 31 Mar 2018 mainly due to decrease in cash and bank deposits by S\$64.6 million for distributions made in Nov 2018 (S\$95.1 million), and property, plant and equipment as a result of the depreciation expenses of S\$116.9 million offset with additions to property, plant and equipment of S\$54.0 million.

The Group reported total liabilities as at 31 Dec 2018 of S\$1,243.8 million, S\$41.1 million higher than total liabilities of S\$1,202.7 million as at 31 Mar 2018 mainly due to a debt drawdown of S\$45.0 million in Q2 FY19.

Total unitholders' funds stood at S\$3,008.8 million as at 31 Dec 2018, lower than S\$3,174.4 million as at 31 Mar 2018 mainly due to distributions paid, partially offset by profit recognised for the nine months ended 31 Dec 2018.

NETLINK NBN TRUST AND ITS SUBSIDIARIES

For The Third Quarter and Nine Months ended 31 December 2018

17. OUTLOOK AND PROSPECT

Notwithstanding the lower than projected installation revenue as highlighted in the previous announcement, the Trust Group expects to achieve the projected revenue as stated in the Prospectus for FY19 due to the better year-to-date performance as explained in Note 16.

The Trust Group is continuing to expand its network in new housing estates. The Trust Group has also been working proactively with the RLs to anticipate future demand in the Non-Residential and NBAP segments, and to support the RLs' efforts to acquire new corporate and NBAP customers. With its extensive nationwide fibre network, the Trust Group is well-positioned to support, among others, the Smart Nation initiatives, the developments in Punggol Digital District and Jurong Innovation District, and the fourth mobile telecommunication operator in its mobile network deployment. In addition, the Trust Group is monitoring the development of the 5G network in Singapore and will explore opportunities associated with the new technology.

18. INTERESTED PERSON TRANSACTION ("IPT")

The Group has not obtained a general mandate from Unitholders of the Trust for IPTs. During the financial period, the following IPTs were entered into by the Group:

Name of Interested Person	Aggregate value of all IPTs during the financial period under review (excluding transactions of less than S\$100,000)	
	Q3 FY19 Quarter ended 31 Dec 2018 S\$'000 (Unaudited)	Nine Months ended 31 Dec 2018 S\$'000 (Unaudited)
NetLink NBN Management Pte Ltd		
- Management Fees	225	675
-Reimbursement of expenses	-	16
	<hr/>	<hr/>

19. CONFIRMATION PURSUANT TO RULE 720(1) OF THE LISTING MANUAL

The Trustee-Manager has received undertakings from all its directors and executive officers in the format as set out in Appendix 7.7 under Rule 720(1) of the Listing Manual of the SGX-ST.

NetLinkNBN

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NETLINK NBN TRUST AND ITS SUBSIDIARIES

For The Third Quarter and Nine Months ended 31 December 2018

CONFIRMATION BY BOARD

On behalf of the Board of Directors of the Trustee-Manager, we, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Trustee-Manager which may render the financial statements for the third quarter and nine months ended 31 Dec 2018 to be false or misleading, in any material aspect.

On behalf of the Board of Directors of the Trustee-Manager

Chaly Mah Chee Kheong

Chairman and Independent Director

Singapore

13 February 2019

Tong Yew Heng

Chief Executive Officer and Executive Director

NETLINK NBN TRUST AND ITS SUBSIDIARIES

For The Third Quarter and Nine Months ended 31 December 2018

INDEPENDENT AUDITOR'S REVIEW REPORT

The Board of Directors

NetLink NBN Management Pte. Ltd. (as Trustee-Manager of NetLink NBN Trust)

750E Chai Chee Road

#07-03, Viva Business Park

Singapore 469005

Dear Sirs

NETLINK NBN TRUST AND ITS SUBSIDIARIES

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION AS OF AND FOR THE THIRD QUARTER AND NINE MONTHS ENDED 31 DECEMBER 2018

Introduction

We have reviewed the accompanying statement of financial position of NetLink NBN Trust (the "Trust") as at 31 Dec 2018 and statement of changes in Unitholders' funds of the Trust for the third quarter and nine months ended 31 Dec 2018, the statement of financial position of NetLink NBN Trust and its subsidiaries (the "Trust Group") as at 31 Dec 2018 and related statement of profit or loss and other comprehensive income, statement of changes in Unitholders' funds and statement of cash flows of the Trust Group for the third quarter and nine months ended 31 Dec 2018, selected notes and other explanatory information ("interim financial information"). Management is responsible for the preparation and fair presentation of this interim financial information in accordance with Singapore Financial Reporting Standard (International) 1-34 *Interim Financial Reporting* ("SFRS(I) 1-34"). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with Singapore Standard on Review Engagements 2410, "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Singapore Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information does not present fairly, in all material respects, in accordance with SFRS(I) 1-34.

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants

Singapore
13 February 2019