

**NETLINK NBN TRUST
AND ITS SUBSIDIARIES**

FINANCIAL STATEMENTS ANNOUNCEMENT

**For The Second Quarter
and
Half Year ended 30 September 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 Second Quarter and Half Year ended 30 September 2018

INTRODUCTION

NetLink NBN Trust (the “Trust”) is a business trust constituted in Singapore pursuant to a trust deed dated 19 June 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 July 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 Second Quarter and Half Year ended 30 September 2018

SUMMARY OF THE TRUST GROUP RESULTS

	Q2 FY19			H1 FY19		
	1 Jul 2018 to 30 Sep 2018			1 Apr 2018 to 30 Sep 2018		
	Actual	Projection ⁽¹⁾	Variance	Actual	Projection ⁽¹⁾	Variance
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue ⁽²⁾	90,594	84,876	6.7	176,706	168,671	4.8
EBITDA ⁽³⁾⁽⁴⁾	61,239	59,427	3.0	122,231	117,766	3.8
EBITDA Margin ⁽³⁾⁽⁴⁾	67.6%	70.0%		69.2%	69.8%	
Profit after tax for the period ⁽⁴⁾	18,687	16,079	16.2	37,709	31,068	21.4

Note:

(1) Projection for Q2 FY19 and H1 FY19 was part of the Projection Year 2019's projection disclosed in the prospectus dated 10 July 2017 (the "Prospectus").

(2) Revenue for Q2 FY19 and H1 FY19 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 Q2 FY19 were higher than the projection by 3.0% and 16.2% respectively. EBITDA and Profit After Tax for H1 FY19 were higher than the projection by 3.8% and 21.4% respectively. The EBITDA margins for both Q2 and H1FY19 were lower than projections 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 70.4% and 71.1% in Q2 FY19 and H1 FY19 respectively. Further details of the Trust Group's financial performance are provided in Notes 15 & 16.

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NETLINK NBN TRUST AND ITS SUBSIDIARIES

For The Second Quarter and Half Year ended 30 September 2018

DISTRIBUTION STATEMENT

For the Half Year ended 30 September 2018

	H1 FY19
	S\$'000
	(Unaudited)
Cash Available For Distribution ("CAFD")	
Profit before Income Tax	33,941
Add: Depreciation and Amortisation	79,806
Add: Other Non-cash item	1,977
Less: Changes in Working Capital	(5,227)
Less: Cash Taxes	(3,330)
Less: Purchase of Property, Plant and Equipment	(39,403)
Add: Proceeds from Revolving Loan Facility	45,000
Less: Payment of Loan Arrangement Fee	(8)
Less: Reserves and provisions for capital expenditures and working capital (see below)	(17,670)
CAFD	<u>95,086</u>
Distributions Attributable for the Half Year	<u><u>95,086</u></u>

DISTRIBUTION POLICY

The Trust's full distribution policy can be found in the prospectus of the Trust dated 10 July 2017.

The Trust's distribution policy is to distribute 100% of its cash available for distribution ("**CAFD**"), which includes distributions received from its wholly-owned subsidiary NetLink Trust ("**NLT**"). NLT's distribution policy is to distribute at least 90% of its distributable income to the Trust after setting aside reserves and provisions for, amongst others, future capital expenditure (including the funding of a capital expenditure reserve fund pursuant to regulatory requirements), debt repayment and working capital as may be required.

Distributions by the Trust will be made on a semi-annual basis, with the amount calculated as at 31 March and 30 September each year for the 6-month period ending on each of the said dates.

A distribution in the total amount of S\$95,086,095 or 2.44 Singapore cents per Unit is declared for the Trust's distribution period for the half year ended 30 September 2018 and will be payable on 27 November 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.

NETLINK NBN TRUST AND ITS SUBSIDIARIES

For The Second Quarter and Half Year ended 30 September 2018

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Group	Note	Q2 FY19	Q2 FY18	Variance	H1 FY19	H1 FY18	Variance
		1 Jul 2018 to 30 Sep 2018	1 Jul 2017 to 30 Sep 2017		1 Apr 2018 to 30 Sep 2018	19 Jun 2017 to 30 Sep 2017	
		S\$'000	S\$'000	(%)	S\$'000	S\$'000	(%)
		(Unaudited)	(Unaudited)		(Unaudited)	(Unaudited)	
Revenue		90,594	64,755	39.9	176,706	64,755	172.9
Other income	2	776	154	N.M ⁽¹⁾	1,551	154	N.M ⁽¹⁾
Expenses							
Operation and maintenance costs		(4,764)	(2,510)	89.8	(9,326)	(2,510)	271.6
Installation costs		(3,289)	(2,485)	32.4	(6,569)	(2,485)	164.3
Diversion costs		(5,032)	(821)	N.M ⁽¹⁾	(7,285)	(821)	N.M ⁽¹⁾
Depreciation & amortisation		(40,030)	(32,466)	23.3	(79,806)	(32,466)	145.8
Staff costs		(5,752)	(3,921)	46.7	(11,020)	(3,921)	181.1
Finance costs	3	(4,725)	(3,434)	37.6	(9,279)	(3,434)	170.2
Management fee		(225)	(425)	(47.1)	(466)	(425)	9.6
Other operating expenses	4	(10,684)	(7,931)	34.7	(20,565)	(7,931)	159.3
Total expenses		(74,501)	(53,993)	38.0	(144,316)	(53,993)	167.3
Profit before income tax		16,869	10,916	54.5	33,941	10,916	210.9
Income tax credit	5	1,818	2,070	(12.2)	3,768	2,070	82.0
Profit after income tax		18,687	12,986	43.9	37,709	12,986	190.4
Profit attributable to:							
Unitholders of the Trust		18,687	12,986		37,709	12,986	
Other comprehensive Income							
Items that may be subsequently reclassified to profit or loss							
Cash flow hedges		155	1,492	(89.6)	2,502	1,492	67.7
Total comprehensive income attributable to:							
Unitholders of the Trust		18,842	14,478	30.1	40,211	14,478	177.7
Earnings per unit:							
- basic and diluted		0.48 cents	0.33 cents		0.97 cents	0.33 cents	
Weighted average number of units ('000) in issue for calculation of basic and diluted earnings per unit (Unaudited)		3,896,971	3,881,377		3,896,971	3,881,377	

(1) N.M. = not meaningful.

Note:

Although NetLink NBN Trust was constituted on 19 June 2017, operating activities only commenced upon the acquisition of NetLink Trust which was completed on Listing Date, 19 July 2017. Both Q2 FY18 and H1 FY18 have a shorter financial period of 74 days (calculated from the Listing Date to 30 September 2017) as compared to 92 days for Q2 FY19 and 183 days for H1 FY19. As the number of days making up Q2 FY19 and H1 FY19 are different from the number of days in their respective comparative periods (i.e. Q2 FY18 and H1 FY18), it is not meaningful to make a comparison against varying periods. A meaningful comparison of the same period would be to compare against the Trust Group's projection disclosed in the Prospectus for Projection Year 2019, as shown in Note 16.

NETLINK NBN TRUST AND ITS SUBSIDIARIES

For The Second Quarter and Half Year ended 30 September 2018

STATEMENTS OF FINANCIAL POSITION (GROUP AND TRUST)

	Note	Group		Trust	
		As at 30 Sep 2018 S\$'000 (Unaudited)	As at 31 Mar 2018 S\$'000 (Audited)	As at 30 Sep 2018 S\$'000 (Unaudited)	As at 31 Mar 2018 S\$'000 (Audited)
ASSETS					
Current assets					
Cash and bank deposits		152,943	166,449	625	861
Trade and other receivables		71,343	63,511	58,050	81,102
Finance lease receivables		214	208	-	-
Inventories		4,553	3,889	-	-
Other current assets		2,369	4,076	303	360
		231,422	238,133	58,978	82,323
Non-current assets					
Finance lease receivables		87,771	87,880	-	-
Property, plant and equipment		3,171,738	3,210,668	-	-
Derivative financial instruments	6	2,258	-	-	-
Rental deposits		665	713	-	-
Goodwill		746,854	746,854	-	-
Licence		90,683	92,802	-	-
Investment in subsidiaries		-	-	2,013,673	2,013,673
Subordinated loan to a subsidiary		-	-	1,100,000	1,100,000
		4,099,969	4,138,917	3,113,673	3,113,673
Total assets		4,331,391	4,377,050	3,172,651	3,195,996
LIABILITIES					
Current liabilities					
Trade and other payables		49,666	48,374	275	685
Deferred revenue		14,046	12,485	-	-
Current tax liabilities		2,825	-	-	-
		66,537	60,859	275	685
Non-current liabilities					
Derivative financial instruments	6	-	244	-	-
Loans	7	634,149	588,742	-	-
Deferred tax liabilities		542,378	552,827	-	-
		1,176,527	1,141,813	-	-
Total liabilities		1,243,064	1,202,672	275	685
Net Assets		3,088,327	3,174,378	3,172,376	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		(38,603)	49,950	55,198	78,133
Hedging reserve		9,752	7,250	-	-
Total Unitholders' funds		3,088,327	3,174,378	3,172,376	3,195,311

NETLINK NBN TRUST AND ITS SUBSIDIARIES

For The Second Quarter and Half Year ended 30 September 2018

STATEMENTS OF CHANGES IN UNITHOLDERS' FUNDS (GROUP)

	Group			
	Q2 FY19	Q2 FY18	H1 FY19	H1 FY18
	1 Jul 2018 to 30 Sep 2018	1 Jul 2017 to 30 Sep 2017 ^(a)	1 Apr 2018 to 30 Sep 2018	19 Jun 2017 to 30 Sep 2017 ^(a)
	S\$'000	S\$'000	S\$'000	S\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Units in issue at the beginning of period	3,117,178	*	3,117,178	*
Transactions with Unitholders, recognised directly in equity:				
Issue of units	-	3,156,547	-	3,156,547
Listing expenses debited directly into equity	-	(42,062)	-	(42,062)
Units in issue at the end of period	3,117,178	3,114,485	3,117,178	3,114,485
(Accumulated deficit)/Retained earnings at the beginning of period	(57,290)	-	49,950	-
Profit for the period	18,687	12,986	37,709	12,986
Distribution paid	-	-	(126,262)	-
(Accumulated deficit)/Retained earnings at the end of period	(38,603)	12,986	(38,603)	12,986
Hedging reserves at the beginning of period	9,597	-	7,250	-
Other comprehensive income for period	155	1,492	2,502	1,492
Hedging reserves at the end of period	9,752	1,492	9,752	1,492
Total	3,088,327	3,128,963	3,088,327	3,128,963

* Amount less than S\$1,000

(a) Please refer to the Note on page 5.

NETLINK NBN TRUST AND ITS SUBSIDIARIES

For The Second Quarter and Half Year ended 30 September 2018

STATEMENTS OF CHANGES IN UNITHOLDERS' FUNDS (TRUST)

	Trust			
	Q2 FY19	Q2 FY18	H1 FY19	H1 FY18
	1 Jul 2018 to 30 Sep 2018	1 Jul 2017 to 30 Sep 2017 ^(a)	1 Apr 2018 to 30 Sep 2018	19 Jun 2017 to 30 Sep 2017 ^(a)
	S\$'000	S\$'000	S\$'000	S\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Units in issue at the beginning of period	3,117,178	*	3,117,178	*
Transactions with Unitholders, recognised directly in equity:				
Issue of units	-	3,156,547	-	3,156,547
Listing expenses debited directly into equity	-	(42,062)	-	(42,062)
Units in issue at the end of period	<u>3,117,178</u>	<u>3,114,485</u>	<u>3,117,178</u>	<u>3,114,485</u>
Retained earnings at the beginning of period	26,824	-	78,133	-
Profit for the period	28,374	21,690	103,327	21,690
Distribution paid	-	-	(126,262)	-
Retained earnings at the end of period	<u>55,198</u>	<u>21,690</u>	<u>55,198</u>	<u>21,690</u>
Total	<u>3,172,376</u>	<u>3,136,175</u>	<u>3,172,376</u>	<u>3,136,175</u>

* Amount less than S\$1,000

(a) Please refer to the Note on page 5.

NETLINK NBN TRUST AND ITS SUBSIDIARIES

For The Second Quarter and Half Year ended 30 September 2018

CONSOLIDATED STATEMENT OF CASH FLOWS

Group	Q2 FY19	Q2 FY18	H1 FY19	H1 FY18
	1 Jul 2018 to 30 Sep 2018	1 Jul 2017 to 30 Sep 2017 ^(a)	1 Apr 2018 to 30 Sep 2018	19 Jun 2017 to 30 Sep 2017 ^(a)
	S\$'000 (Unaudited)	S\$'000 (Unaudited)	S\$'000 (Unaudited)	S\$'000 (Unaudited)
Operating activities				
Profit before income tax	16,869	10,916	33,941	10,916
Adjustments for:				
- Depreciation and amortisation	40,030	32,466	79,806	32,466
- Amortisation of transaction fees	205	168	407	168
- Allowance for/(write-back of) impairment for trade receivables	86	(102)	22	(102)
- Provision for stock obsolescence	11	35	6	35
- Interest expense	4,520	3,266	8,872	3,266
- Interest income	(385)	(36)	(795)	(36)
- Gain on disposal of property, plant and equipment	(1)	(5)	(1)	(5)
- Property, plant and equipment written off	839	23	1,457	23
Operating cash flows before working capital changes	62,174	46,731	123,715	46,731
Changes in working capital:				
- Trade and other receivables	3,648	11,568	(6,524)	11,568
- Trade and other payables	2,992	881	1,966	881
- Inventories	(368)	934	(669)	934
Cash generated from operations	68,446	60,114	118,488	60,114
Interest received	385	36	795	36
Interest paid	(4,428)	(12,193)	(8,789)	(12,193)
Income tax paid	(3,330)	(4,955)	(3,330)	(4,955)
Net cash from operating activities	61,073	43,002	107,164	43,002
Investing activities				
Acquisition of subsidiaries, net of cash	-	(1,076,266)	-	(1,076,266)
Purchase of property, plant and equipment	(22,077)	(127,727)	(39,403)	(127,727)
Proceeds from sale of property, plant and equipment	3	5	3	5
Net cash used in investing activities	(22,074)	(1,203,988)	(39,400)	(1,203,988)
Financing activities				
Repayment of Unitholder's loan	-	(1,100,477)	-	(1,100,477)
Proceeds from issuance of units, net of IPO expenses	-	2,332,025	-	2,332,025
Payment of loan arrangement fee	-	-	(8)	-
Distribution paid	-	-	(126,262)	-
Proceeds from bank loans	45,000	-	45,000	-
Net cash from/(used in) financing activities	45,000	1,231,548	(81,270)	1,231,548
Net increase/(decrease) in cash and cash equivalents	83,999	70,562	(13,506)	70,562
Cash and cash equivalents at beginning of financial period	68,944	-	166,449	-
Cash and cash equivalents at end of financial period	152,943	70,562	152,943	70,562

(a) Please refer to the Note on page 5.

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 March 2018.

As disclosed in Note 2 in the audited financial statements for the period ended 31 March 2018, the Group will be adopting Singapore Financial Reporting Standards (International) (“SFRS(I)”) for the first time for the financial year ending 31 March 2019, with 19 June 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 April 2018.

The accounting policies to be applied for the first set of SFRS(I) financial statements for the year ending 31 March 2019 are expected to be the same as those disclosed in Note 2 of the audited financial statements for period ended 31 March 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 March 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 March 2019.

2. OTHER INCOME

	Q2 FY19	Q2 FY18	H1 FY19	H1 FY18
	1 Jul 2018 to 30 Sep 2018	1 Jul 2017 to 30 Sep 2017^(a)	1 Apr 2018 to 30 Sep 2018	19 Jun 2017 to 30 Sep 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	1	5
Interest income	385	36	795	36
Others ⁽¹⁾	390	113	755	113
	<u>776</u>	<u>154</u>	<u>1,551</u>	<u>154</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

For The Second Quarter and Half Year ended 30 September 2018

3. FINANCE COSTS

	Q2 FY19	Q2 FY18	H1 FY19	H1 FY18
	1 Jul 2018 to 30 Sep 2018	1 Jul 2017 to 30 Sep 2017 ^(a)	1 Apr 2018 to 30 Sep 2018	19 Jun 2017 to 30 Sep 2017 ^(a)
	S\$'000	S\$'000	S\$'000	S\$'000
Group	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Interest expense on				
- Bank loans	3,906	1,812	7,448	1,812
- Others	35	30	70	30
- Financing related costs	386	398	775	398
- Realised loss on interest rate swaps	398	1,194	986	1,194
	<u>4,725</u>	<u>3,434</u>	<u>9,279</u>	<u>3,434</u>

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

Finance Costs	4,725	3,434	9,279	3,434
Amortisation of transaction fees	(205)	(168)	(407)	(168)
Interest expense	<u>4,520</u>	<u>3,266</u>	<u>8,872</u>	<u>3,266</u>

4. TOTAL EXPENSES

	Q2 FY19	Q2 FY18	H1 FY19	H1 FY18
	1 Jul 2018 to 30 Sep 2018	1 Jul 2017 to 30 Sep 2017 ^(a)	1 Apr 2018 to 30 Sep 2018	19 Jun 2017 to 30 Sep 2017 ^(a)
	S\$'000	S\$'000	S\$'000	S\$'000
Group	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Property tax	4,064	3,104	8,224	3,104
System maintenance costs	3,163	1,832	5,433	1,832
Allowance for/(write-back of) impairment for trade receivables	86	(102)	22	(102)
Property, plant and equipment written off	839	23	1,457	23
Provision for inventory obsolescence	11	35	6	35
	<u>8,163</u>	<u>4,892</u>	<u>15,142</u>	<u>4,892</u>

(a) Please refer to the Note on page 5.

NETLINK NBN TRUST AND ITS SUBSIDIARIES

For The Second Quarter and Half Year ended 30 September 2018

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:

	Q2 FY19	Q2 FY18	H1 FY19	H1 FY18
	1 Jul 2018 to	1 Jul 2017 to	1 Apr 2018 to	19 Jun 2017 to
	30 Sep 2018	30 Sep 2017 ^(a)	30 Sep 2018	30 Sep 2017 ^(a)
	S\$'000	S\$'000	S\$'000	S\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit before income tax:	16,869	10,916	33,941	10,916
Income tax expense calculated at a tax rate of 17%	(2,868)	(1,856)	(5,770)	(1,856)
Effect of:				
- Tax benefit on the tax exempted interest income derived from qualifying project debt securities [^]	4,949	3,981	9,844	3,981
- Others	(263)	(55)	(306)	(55)
Tax credit attributable to current period's profit	1,818	2,070	3,768	2,070

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

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				
30 Sep 2018	Level 1	Level 2	Level 3	Total
(Unaudited)	S\$'000	S\$'000	S\$'000	S\$'000

Financial assets

Derivative financial instruments	-	2,258	-	2,258
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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 30 Sep 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)	2.78	634,149	2.62	588,742

Committed revolving credit facility ("RCF") and term loan		Utilised As at 30 Sep 2018	Utilised As at 31 Mar 2018
Commencement Date	Terms	S\$'000 (Unaudited)	S\$'000 (Audited)
- 24 March 2016	\$510 million Five-Year Term Loan	510,000	510,000
- 24 March 2016	\$90 million Five-Year RCF	-	-
- 15 June 2017	\$210 million Three-Year RCF	126,000	81,000
		636,000	591,000
	Transaction costs	(1,851)	(2,258)
		634,149	588,742

8. UNITS IN ISSUE

	Number of units			
	Q2 FY19	Q2 FY18	H1 FY19	H1 FY18
	1 Jul 2018 to 30 Sep 2018 (Unaudited)	1 Jul 2017 to 30 Sep 2017 ^(a) (Unaudited)	1 Apr 2018 to 30 Sep 2018 (Unaudited)	19 Jun 2017 to 30 Sep 2017 ^(a) (Unaudited)
Group and Trust				
Balance as at beginning of period	3,896,971,100	1	3,896,971,100	1
Issue of new shares	-	3,896,971,099	-	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 5.

NETLINK NBN TRUST AND ITS SUBSIDIARIES

For The Second Quarter and Half Year ended 30 September 2018

9. NET ASSET VALUE

	Group		Trust	
	As at 30 Sep 2018 Units (Unaudited)	As at 31 Mar 2018 Units (Audited)	As at 30 Sep 2018 Units (Unaudited)	As at 31 Mar 2018 Units (Audited)
	Cents (Unaudited)	Cents (Audited)	Cents (Unaudited)	Cents (Audited)
NAV per unit based on issued units at the end of period	79.2	81.5	81.4	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 30 Sep 18 S\$'000 (Unaudited)	As at 31 Mar 18 S\$'000 (Audited)	As at 30 Sep 18 S\$'000 (Unaudited)	As at 31 Mar 18 S\$'000 (Audited)
Property, plant and equipment	30,099	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 Second Quarter and Half Year ended 30 September 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:

	Q2 FY19 1 Jul 2018 to 30 Sep 2018 S\$'000 (Unaudited)	Q2 FY18 1 Jul 2017 to 30 Sep 2017 ^(a) S\$'000 (Unaudited)	H1 FY19 1 Apr 2018 to 30 Sep 2018 S\$'000 (Unaudited)	H1 FY18 19 Jun 2017 to 30 Sep 2017 ^(a) S\$'000 (Unaudited)
Services rendered to a Unitholder	41,303	31,558	82,659	31,558
Services rendered to a subsidiary of a substantial shareholder of a Unitholder	22,743	17,853	44,931	17,853
Purchase of services and goods of a Unitholder	9,670	106,589	12,662	106,589
Management fee paid or payable to Trustee-Manager of the Trust	225	425	466	425
Purchase of services from subsidiaries of a substantial shareholder of a Unitholder	409	208	1,337	208
Purchases of goods from subsidiaries of a Unitholder	1,630	617	3,003	617

13. DISTRIBUTIONS

A distribution in the total amount of S\$95,086,095 or 2.44 Singapore cents per Unit is declared for the Trust's distribution period for the half year ended 30 September 2018 and will be payable on 27 November 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.

Notice is hereby given that the Unit Transfer Books and Register of Unitholders of the Trust will be closed at 5.00 p.m. on 14 November 2018 for the purposes of determining each Unitholder's entitlement to the distribution. Duly completed registrable transfers in respect of Units in the capital of the Trust received by the Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place #32-01 Singapore Land Tower Singapore 048623, up to 5.00 p.m. on 14 November 2018 will be registered to determine Unitholders' entitlement to the distribution. Unitholders whose Securities Accounts with The Central Depository (Pte) Limited are credited with Units at 5.00 p.m. on 14 November 2018 will be entitled to the distribution to be paid on 27 November 2018.

There is no comparative for H1 FY19 distribution as the Trust was only constituted on 19 June 2017.

(a) Please refer to the Note on page 5.

14. OTHER INFORMATION

The statements of financial position as at 30 September 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 half year ended 30 September 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 24 of this announcement).

NETLINK NBN TRUST AND ITS SUBSIDIARIES

For The Second Quarter and Half Year ended 30 September 2018

15. REVIEW OF PERFORMANCE VARIANCE

	Q2 FY19 1 Jul 2018 to 30 Sep 2018 S\$'000 (Unaudited)	Q2 FY18 1 Jul 2017 to 30 Sep 2017 S\$'000 (Unaudited)	Variance (%)	H1 FY19 1 Apr 2018 to 30 Sep 2018 S\$'000 (Unaudited)	H1 FY18 19 Jun 2017 to 30 Sep 2017 S\$'000 (Unaudited)	Variance (%)
Fibre business revenue:						
Residential connections	50,867	41,050	23.9	100,756	41,050	145.4
Non-residential connections	7,467	4,983	49.8	14,798	4,983	197.0
NBAP and Segment connections	1,685	1,571	7.3	3,365	1,571	114.2
Installation-related revenue	5,056	2,450	106.4	10,258	2,450	N.M. ⁽¹⁾
Diversion revenue	7,147	1,413	N.M. ⁽¹⁾	10,631	1,413	N.M. ⁽¹⁾
Co-location and Other revenue	4,922	4,206	17.0	9,874	4,206	134.8
Total Fibre Business Revenue	77,144	55,673	38.6	149,682	55,673	168.9
Ducts, manholes and Central Office revenue:						
Ducts and manholes service revenue	9,244	6,240	48.1	18,651	6,240	198.9
Central Office revenue	4,206	2,842	48.0	8,373	2,842	194.6
Total Ducts, Manholes and Central Office Revenue	13,450	9,082	48.1	27,024	9,082	197.6
Total Revenue	90,594	64,755	39.9	176,706	64,755	172.9

(1) N.M. = not meaningful.

Although NetLink NBN Trust was constituted on 19 June 2017, operating activities only commenced upon the acquisition of NetLink Trust which was completed on Listing Date, 19 July 2017. Both Q2 FY18 and H1 FY18 have a shorter financial period of 74 days (calculated from the Listing Date to 30 September 2017) as compared to 92 days for Q2 FY19 and 183 days for H1 FY19. As the number of days making up Q2 FY19 and H1 FY19 are different from the number of days in their respective comparative periods (i.e. Q2 FY18 and H1 FY18), it is not meaningful to make a comparison against varying periods. A meaningful comparison of the same period would be to compare against the Trust Group's projection disclosed in the Prospectus for Projection Year 2019, as shown in Note 16.

NETLINK NBN TRUST AND ITS SUBSIDIARIES

For The Second Quarter and Half Year ended 30 September 2018

16. REVIEW OF PERFORMANCE VARIANCE BETWEEN ACTUAL AND PROJECTION

	Q2 FY19			H1 FY19		
	1 Jul 2018 to 30 Sep 2018		Variance (%)	1 Apr 2018 to 30 Sep 2018		Variance (%)
	Actual S\$'000 (Unaudited)	Projection S\$'000 (Unaudited)		Actual S\$'000 (Unaudited)	Projection S\$'000 (Unaudited)	
Revenue	90,594	84,876	6.7	176,706	168,671	4.8
Other income	776	-	N.M ⁽¹⁾	1,551	-	N.M ⁽¹⁾
Expenses						
Operation and maintenance costs	(4,764)	(4,391)	8.5	(9,326)	(8,782)	6.2
Installation costs	(3,289)	(3,768)	(12.7)	(6,569)	(7,543)	(12.9)
Diversion costs	(5,032)	(600)	N.M ⁽¹⁾	(7,285)	(1,200)	N.M ⁽¹⁾
Depreciation & amortisation	(40,030)	(40,865)	(2.0)	(79,806)	(81,730)	(2.4)
Staff costs	(5,752)	(6,401)	(10.1)	(11,020)	(12,802)	(13.9)
Finance costs	(4,725)	(5,042)	(6.3)	(9,279)	(10,085)	(8.0)
Management fee	(225)	(242)	(7.0)	(466)	(484)	(3.7)
Other operating expenses	(10,684)	(10,047)	6.3	(20,565)	(20,094)	2.3
Total expenses	(74,501)	(71,356)	4.4	(144,316)	(142,720)	1.1
Profit before income tax	16,869	13,520	24.8	33,941	25,951	30.8
Income tax credit	1,818	2,559	(29.0)	3,768	5,117	(26.4)
Profit after income tax	18,687	16,079	16.2	37,709	31,068	21.4
Earnings per unit	0.48 cents	0.41 cents		0.97 cents	0.80 cents	

NETLINK NBN TRUST AND ITS SUBSIDIARIES

For The Second Quarter and Half Year ended 30 September 2018

	Q2 FY19			H1 FY19		
	1 Jul 2018 to 30 Sep 2018		Variance (%)	1 Apr 2018 to 30 Sep 2018		Variance (%)
	Actual S\$'000 (Unaudited)	Projection S\$'000 (Unaudited)		Actual S\$'000 (Unaudited)	Projection S\$'000 (Unaudited)	
Fibre business revenue:						
Residential connections	50,867	50,396	0.9	100,756	99,809	0.9
Non-residential connections	7,467	7,311	2.1	14,798	14,548	1.7
NBAP and Segment connections	1,685	1,576	6.9	3,365	3,152	6.8
Installation-related revenue	5,056	7,353	(31.2)	10,258	14,751	(30.5)
Diversion revenue	7,147	800	N.M. ⁽¹⁾	10,631	1,600	N.M. ⁽¹⁾
Co-location and Other revenue	4,922	5,404	(8.9)	9,874	10,739	(8.1)
Total Fibre Business Revenue	77,144	72,840	5.9	149,682	144,599	3.5
Ducts, manholes and Central Office revenue:						
Ducts and manholes service revenue	9,244	7,767	19.0	18,651	15,534	20.1
Central Office revenue	4,206	4,269	(1.5)	8,373	8,538	(1.9)
Total Ducts, Manholes and Central Office Revenue	13,450	12,036	11.7	27,024	24,072	12.3
Total Revenue	90,594	84,876	6.7	176,706	168,671	4.8

(1) N.M. = not meaningful.

Q2 FY19

Revenue of S\$90.6 million for Q2 was 6.7% 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\$6.3 million was due to the recognition of revenue from completed projects mainly for government agencies. The higher ducts and manholes service revenue of S\$1.5 million was mainly due to recovery of costs from Singtel for ducts and manholes joint-build projects.

Total expenses for Q2 of S\$74.5 million was S\$3.1 million higher than projection mainly due to higher diversion costs and other operating expenses, partially offset by lower installation costs, depreciation and amortisation expenses and staff costs. Diversion costs were S\$4.4 million higher, in line with higher diversion revenue. Other operating expenses were S\$0.6 million higher mainly due to property, plant and equipment written off in relation to a planned security enhancement project for the Trust Group's 7 Central Offices. Installation costs was S\$0.5 million lower, in line with lower installation revenue. Depreciation and amortisation expenses was S\$0.8 million lower mainly due to S\$1.4 million lower amortisation from lower valuation of licence fees offset by S\$0.6 million higher depreciation from uplift of property, plant and equipment. Staff costs for Q2 FY19 was S\$0.6 million lower mainly due to lower salary costs as the actual average headcount was lower as compared to the projection.

The Trust Group achieved a Profit After Tax of S\$18.7 million for Q2, which was 16.2% higher than projection.

NETLINK NBN TRUST AND ITS SUBSIDIARIES

For The Second Quarter and Half Year ended 30 September 2018

H1 FY19

Revenue of S\$176.7 million for H1 was 4.8% 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\$9.0 million was due to the recognition of revenue from completed projects mainly for government agencies. The higher ducts and manholes service revenue of S\$3.1 million was mainly due to recovery of costs from Singtel for ducts and manholes joint-build projects.

Total expenses for H1 of S\$144.3 million was S\$1.6 million higher than projection mainly due to higher operation and maintenance, diversion costs and other operating expenses, partially offset by lower installation costs, depreciation and amortisation expenses, staff costs and finance costs. Operation and maintenance costs was S\$0.5 million higher due to costs incurred for joint-build projects with Singtel. Diversion costs were S\$6.1 million higher, in line with higher diversion revenue. Other operating expenses were S\$0.5 million higher mainly due to property, plant and equipment written off in relation to a planned security enhancement project for the Trust Group's 7 Central Offices. Installation costs was S\$1.0 million lower, in line with lower installation revenue. Depreciation and amortisation expenses was S\$1.9 million lower mainly due to S\$2.9 million lower amortisation from lower valuation of licence fees offset by S\$1.0 million higher depreciation from uplift of property, plant and equipment. Staff costs for H1 FY19 was S\$1.8 million lower mainly due to lower salary costs as the actual average headcount was lower as compared to the projection. Finance costs was less than projection by S\$0.8 million due to lower debt drawdown as a result of stronger operational cash flow.

The Trust Group achieved a Profit After Tax of S\$37.7 million for H1 FY19, which was 21.4% higher than projection.

REVIEW OF PERFORMANCE - STATEMENTS OF FINANCIAL POSITION

The Group reported total assets as at 30 September 2018 of S\$4,331.4 million, S\$45.7 million lower than total assets of S\$4,377.1 million as at 31 March 2018 mainly due to the decrease in property, plant and equipment as a result of the depreciation expenses of S\$77.7 million offset with additions to property, plant and equipment of S\$39.4 million.

The Group reported total liabilities as at 30 September 2018 of S\$1,243.1 million, S\$40.4 million higher than total liabilities of S\$1,202.7 million as at 31 March 2018 mainly due to a debt drawdown of S\$45.0 million in Q2.

Total unitholders' funds stood at S\$3,088.3 million as at 30 September 2018, lower than S\$3,174.4 million as at 31 March 2018 due to distributions paid, partially offset by profit recognised for H1 FY19 and marked-to-market movements of derivative financial instruments.

OUTLOOK AND PROSPECT

17. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that affect the group in the next reporting period reported and the next 12 months

The Trust Group remains on track to achieve the number of end-user connections in both the Residential and Non-Residential fibre segments in the projection as stated in the Prospectus for FY19. Though the Trust Group expects revenues from key connection services to meet the projection for FY19, overall revenues may be affected by lower installation revenues.

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.

In the Prospectus, the Trust Group had projected a DPU of 4.64 cents for the current financial year ending 31 March 2019. The Trust Group's actual DPU for this half year ended 30 September 2018 is 2.44 cents. Assuming the distribution for the second half of the financial year is the same as the first half, the annualised DPU of 4.88 cents represents an increase of 5.2% over the projected DPU of 4.64 cents.

INTERESTED PERSON TRANSACTION ("IPT")

18. If Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

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)	
	Q2 FY19 1 Jul 2018 to 30 Sep 2018 S\$'000	H1 FY19 1 Apr 2018 to 30 Sep 2018 S\$'000
Netlink NBN Management Pte Ltd	(Unaudited)	(Unaudited)
- Management Fees	225	450
-Reimbursement of expenses	-	16

NETLINK NBN TRUST AND ITS SUBSIDIARIES

For The Second Quarter and Half Year ended 30 September 2018

19. CONFIRMATION THAT THE ISSUER HAS PROCURED UNDERTAKINGS FROM ALL ITS DIRECTORS AND EXECUTIVE OFFICERS (IN THE FORMAT SET OUT IN APPENDIX 7.7) UNDER RULE 720(1)

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

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 second quarter and half year ended 30 September 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

2 November 2018

Tong Yew Heng

Chief Executive Officer and Executive Director

NetLinkNBN

the fibre of a smart nation

NETLINK NBN TRUST AND ITS SUBSIDIARIES

For The Second Quarter and Half Year ended 30 September 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 SECOND QUARTER AND HALF YEAR ENDED 30 SEPTEMBER 2018

Introduction

We have reviewed the accompanying statement of financial position of NetLink NBN Trust (the "Trust") as at 30 September 2018 and statement of changes in Unitholders' funds of the Trust for the second quarter and half year ended 30 September 2018, the statement of financial position of NetLink NBN Trust and its subsidiaries (the "Trust Group") as at 30 September 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 second quarter and half year ended 30 September 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
2 November 2018