

**NETLINK NBN TRUST
AND ITS SUBSIDIARIES**

FINANCIAL STATEMENTS ANNOUNCEMENT

**For The Fourth Quarter
and
Financial Year ended 31 March 2019**

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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.

NetLinkNBN

the fibre of a smart nation

NETLINK NBN TRUST AND ITS SUBSIDIARIES

For The Fourth Quarter and Financial Year ended 31 March 2019

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 “NetLink Group” or “Group”.

The NetLink 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 NetLink 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 NetLink 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 NetLink Group are as follows: (i) the use of the NetLink 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 NetLink 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 NetLink Group is regulated, whereby the NetLink 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 Fourth Quarter and Financial Year ended 31 March 2019

SUMMARY OF THE NETLINK GROUP RESULTS

	Q4 FY19			Financial Year ended		
	Quarter ended 31 Mar 2019			31 Mar 2019		
	Actual	Projection ⁽¹⁾	Variance	Actual	Projection ⁽¹⁾	Variance
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
	(Unaudited)	(Unaudited)		(Audited)	(Unaudited)	
Revenue ⁽²⁾	87,862	87,434	0.5	353,580	342,214	3.3
EBITDA ^(3/4)	62,810	61,823	1.6	247,876	240,178	3.2
EBITDA Margin ^(3/4)	71.5%	70.7%		70.1%	70.2%	
Profit after tax for the period ⁽³⁾	20,020	17,928	11.7	77,359	65,689	17.8

Note:

(1) Projection for the quarter ended 31 Mar 2019 was part of the Projection Year 2019's projection disclosed in the prospectus dated 10 Jul 2017 (the "Prospectus"). Projection for the financial year ended 31 Mar 2019 refers to the full Projection Year 2019's projection.

(2) Revenue for the quarter ended 31 Mar 2019 was in line with the projection. While the residential connections revenue and ducts and manholes service revenue were higher than the projection, the installation-related revenue was lower. Revenue for financial year ended 31 Mar 2019 was higher than the projection mainly due to higher residential connections revenue, diversion revenue, and ducts and manholes service revenue. This was partially offset by the lower than projected installation-related revenue.

(3) EBITDA and Profit After Tax for the quarter ended 31 Mar 2019 were higher than the projection by 1.6% and 11.7% respectively. In addition to higher revenues for the quarter, the higher EBITDA and Profit After Tax were contributed by lower finance costs and other operating expenses partially offset by higher operation and maintenance costs. EBITDA and Profit After Tax for the financial year ended 31 Mar 2019 were higher than the projection by 3.2% and 17.8% respectively. In addition to higher revenues for the year, the higher EBITDA and Profit After Tax were contributed by lower finance costs, staff costs and other operating expenses offset by higher operation and maintenance costs and diversion costs, which were in line with the higher revenue. Further details of the NetLink Group's financial performance are provided in Note 16.

(4) 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 NetLink 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.

NETLINK NBN TRUST AND ITS SUBSIDIARIES

For The Fourth Quarter and Financial Year ended 31 March 2019

DISTRIBUTION STATEMENT

	Financial Year ended	
	31 Mar 2019	31 Mar 2018 ^(a)
Cash Available For Distribution ("CAFD")	S\$'000 (Unaudited)	S\$'000 (Unaudited)
Profit before income tax	69,750	43,809
Add: Depreciation and amortisation	160,792	111,811
Add: Other non-cash item	2,864	1,537
Add: Changes in working capital	2,303	21,058
Add: Proceeds from revolving loan facility	45,000	81,000
Add: Proceeds from equity issuance	-	2,334,718
Less: Pre-acquisition interest paid to substantial unitholder ⁽¹⁾	-	(8,249)
Less: Cash taxes	(6,061)	(11,510)
Less: Purchase of property, plant and equipment	(71,100)	(212,181)
Less: Principal Unitholder loan repayment	-	(1,100,477)
Less: Investment cash flow	-	(1,095,044)
Less: Payment of loan arrangement fee	(28)	(23)
Less: Reserves and provisions for capital expenditures and working capital including carve-out for Capex Reserve ⁽²⁾ (see Distribution Policy)	(13,348)	(40,187)
CAFD	190,172	126,262
Distributions Attributable for the Financial Year⁽³⁾	190,172	126,262

Note:

(1) This relates to loan interest accrued to a substantial unitholder from 1 Apr 2017 to 18 Jul 2017 which was paid on 19 Jul 2017 together with the repayment of the Unitholder Loan.

(2) Capex Reserve comprises monies set aside for at least 20% of capital expenditure reserve fund per year cumulating to S\$40 million over the five-year period from 1 Jan 2018 to 31 Dec 2022, to meet regulatory requirements from Info-communications Media Development Authority ("IMDA") or for any new network infrastructure projects that improve the capacity, technology, capability or resilience of NLT's network infrastructure. On a quarterly basis, NLT will set aside additional funds in the capital expenditure reserve on a pro-rata basis computed based on the yearly requirement of S\$8 million. As at 31 Mar 2019, NLT has set aside S\$10 million for the Capex Reserve.

(3) Total distributions paid/payable

	Financial Year ended		Payment Date
	31 Mar 2019	31 Mar 2018 ^(a)	
	\$'000 (Unaudited)	\$'000 (Unaudited)	
19 Jul 2017 – 31 Mar 2018	-	126,262	8 Jun 2018
1 Apr 2018 – 30 Sep 2018	95,086	-	27 Nov 2018
1 Oct 2018 – 31 Mar 2019	95,086	-	3 Jun 2019
	190,172	126,262	

(a) Please refer to the Note on page 6.

NETLINK NBN TRUST AND ITS SUBSIDIARIES

For The Fourth Quarter and Financial Year ended 31 March 2019

DISTRIBUTION POLICY

The Trust's full distribution policy can be found in the prospectus of the Trust dated 10 Jul 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 Mar and 30 Sep each year for the 6-month period ending on each of the said dates.

A total of S\$95,086,095 or 2.44 Singapore cents per Unit was declared for the Trust's distribution period from 1 Apr 2018 to 30 Sep 2018. 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 from 1 Oct 2018 to 31 Mar 2019 and will be payable on 3 Jun 2019 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 Fourth Quarter and Financial Year ended 31 March 2019

The NetLink Group has adopted the new financial reporting framework - Singapore Financial Reporting Standards (International) ("SFRS(I)") for the first time for financial year ended 31 Mar 2019 on a retrospective basis. The application of SFRS(I) did not have any significant impact on the financial statements, other than additional disclosures required under SFRS(I) 15 Revenue from Contracts with Customers and SFRS(I) 9 Financial Instruments. Accordingly, comparatives were restated in the NetLink Group's statements of financial position and consolidated statement of cash flows. The Group has reclassified unbilled revenue previously classified as 'Trade and other receivables' to "Contract assets" as at 31 Mar 2018.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Group	Note	Quarter ended			Financial Year ended		
		31 Mar 2019 S\$'000 (Unaudited)	31 Mar 2018 S\$'000 (Unaudited)	Variance (%)	31 Mar 2019 S\$'000 (Audited)	31 Mar 2018 S\$'000 (Audited)	Variance (%)
Revenue		87,862	80,716	8.9	353,580	228,587	54.7
Other income	2	1,092	725	50.6	3,458	1,521	127.4
Expenses							
Operation and maintenance costs		(5,756)	(3,830)	50.3	(20,834)	(9,400)	121.6
Installation costs		(3,826)	(3,565)	7.3	(14,376)	(9,198)	56.3
Diversion costs		(255)	(827)	(69.2)	(9,152)	(2,142)	N.M.
Depreciation & amortisation		(40,743)	(40,306)	1.1	(160,792)	(111,811)	43.8
Staff costs		(7,019)	(4,670)	50.3	(24,229)	(12,848)	88.6
Finance costs	3	(4,871)	(4,457)	9.3	(19,126)	(12,180)	57.0
Management fee		(291)	(298)	(2.3)	(982)	(948)	3.6
Other operating expenses	4	(8,490)	(10,551)	(19.5)	(37,797)	(27,772)	36.1
Total expenses		(71,251)	(68,504)	4.0	(287,288)	(186,299)	54.2
Profit before income tax		17,703	12,937	36.8	69,750	43,809	59.2
Income tax credit	5	2,317	2,357	(1.7)	7,609	6,141	23.9
Profit after income tax		20,020	15,294	30.9	77,359	49,950	54.9
Profit attributable to:							
Unitholders of the Trust		20,020	15,294		77,359	49,950	
Other comprehensive income/(loss)							
Items that may be subsequently reclassified to profit or loss							
Cash flow hedges		1,036	4,708	(78.0)	(537)	7,250	(107.4)
Total comprehensive income attributable to:							
Unitholders of the Trust		21,056	20,002	5.3	76,822	57,200	34.3
Earnings per unit:							
- basic and diluted		0.51 cents	0.39 cents		1.99 cents	1.28 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	3,892,463	

N.M. = not meaningful.

Note: Although NetLink NBN Trust was constituted on 19 Jun 2017, operating activities only commenced upon the acquisition of NLT which was completed on Listing Date, 19 Jul 2017. The financial year ended 31 Mar 2018 has a shorter financial period of 256 days (calculated from the Listing Date to 31 Mar 2018) as compared to 365 days for the financial year ended 31 Mar 2019. As the number of days making up financial year ended 31 Mar 2019 is different from the number of days in the comparative period ended 31 Mar 2018, it is not meaningful to make a comparison. For a comparison of the financial performance for the financial year ended 31 Mar 2019 against the NetLink Group's projection disclosed in the Prospectus for Projection Year 2019, please refer to Note 16.

NETLINK NBN TRUST AND ITS SUBSIDIARIES

For The Fourth Quarter and Financial Year ended 31 March 2019

STATEMENTS OF FINANCIAL POSITION (GROUP AND TRUST)

	Note	Group		Trust	
		As at 31 Mar 2019 S\$'000 (Audited)	As at 31 Mar 2018 (Restated) S\$'000 (Audited)	As at 31 Mar 2019 S\$'000 (Audited)	As at 31 Mar 2018 S\$'000 (Audited)
ASSETS					
Current assets					
Cash and bank deposits		148,621	166,449	223	861
Trade and other receivables		46,925	39,835	57,624	81,102
Contract assets		28,909	23,676	-	-
Finance lease receivables		221	208	-	-
Inventories		4,738	3,889	-	-
Other current assets		4,116	4,076	310	360
		233,530	238,133	58,157	82,323
Non-current assets					
Finance lease receivables		87,659	87,880	-	-
Property, plant and equipment		3,124,527	3,210,668	-	-
Rental deposits		667	713	-	-
Goodwill		746,854	746,854	-	-
Licence		88,564	92,802	-	-
Investment in subsidiaries		-	-	2,013,673	2,013,673
Subordinated loan to a subsidiary		-	-	1,100,000	1,100,000
		4,048,271	4,138,917	3,113,673	3,113,673
Total assets		4,281,801	4,377,050	3,171,830	3,195,996
LIABILITIES					
Current liabilities					
Trade and other payables		56,023	48,374	521	685
Deferred revenue		21,989	12,485	-	-
Current tax liabilities		1,696	-	-	-
		79,708	60,859	521	685
Non-current liabilities					
Derivative financial instruments	6	780	244	-	-
Loans	7	634,554	588,742	-	-
Deferred tax liabilities		536,907	552,827	-	-
		1,172,241	1,141,813	-	-
Total liabilities		1,251,949	1,202,672	521	685
Net Assets		3,029,852	3,174,378	3,171,309	3,195,311
UNITHOLDERS' FUNDS					
Units in issue		3,117,178	3,117,178	3,117,178	3,117,178
(Accumulated deficit)/Retained earnings	8	(94,039)	49,950	54,131	78,133
Hedging reserve		6,713	7,250	-	-
Total Unitholders' funds		3,029,852	3,174,378	3,171,309	3,195,311

NETLINK NBN TRUST AND ITS SUBSIDIARIES

For The Fourth Quarter and Financial Year ended 31 March 2019

STATEMENTS OF CHANGES IN UNITHOLDERS' FUNDS (GROUP)

	Group			
	Quarter ended 31 Mar 2019	Quarter ended 31 Mar 2018	Financial Year ended 31 Mar 2019	Financial Year ended 31 Mar 2018 ^(a)
	S\$'000 (Unaudited)	S\$'000 (Unaudited)	S\$'000 (Audited)	S\$'000 (Audited)
Units in issue at the beginning of period	3,117,178	3,114,426	3,117,178	*
Transactions with Unitholders, recognised directly in equity:				
Issue of units	-	-	-	3,156,547
Listing expenses credited/(debited) directly into equity	-	2,752	-	(39,369)
Units in issue at the end of period	3,117,178	3,117,178	3,117,178	3,117,178
(Accumulated deficit)/Retained earnings at the beginning of period	(114,059)	34,656	49,950	-
Profit for the period	20,020	15,294	77,359	49,950
Distribution paid	-	-	(221,348)	-
(Accumulated deficit)/Retained earnings at the end of period	(94,039)	49,950	(94,039)	49,950
Hedging reserves at the beginning of period	5,677	2,542	7,250	-
Other comprehensive income/(loss) for the period	1,036	4,708	(537)	7,250
Hedging reserves at the end of period	6,713	7,250	6,713	7,250
Total	3,029,852	3,174,378	3,029,852	3,174,378

* Amount less than S\$1,000

(a) Please refer to the Note on page 6.

NETLINK NBN TRUST AND ITS SUBSIDIARIES

For The Fourth Quarter and Financial Year ended 31 March 2019

STATEMENTS OF CHANGES IN UNITHOLDERS' FUNDS (TRUST)

	Trust			
	Quarter ended 31 Mar 2019	Quarter ended 31 Mar 2018	Financial Year ended 31 Mar 2019	Financial Year ended 31 Mar 2018 ^(a)
	S\$'000 (Unaudited)	S\$'000 (Unaudited)	S\$'000 (Audited)	S\$'000 (Audited)
Units in issue at the beginning of period	3,117,178	3,114,426	3,117,178	*
Transactions with Unitholders, recognised directly in equity:				
Issue of units	-	-	-	3,156,547
Listing expenses credited/(debited) directly into equity	-	2,752	-	(39,369)
Units in issue at the end of period	3,117,178	3,117,178	3,117,178	3,117,178
Retained earnings at the beginning of period	26,163	50,150	78,133	-
Profit for the period	27,968	27,983	197,346	78,133
Distribution paid	-	-	(221,348)	-
Retained earnings at the end of period	54,131	78,133	54,131	78,133
Total	3,171,309	3,195,311	3,171,309	3,195,311

* Amount less than S\$1,000

NETLINK NBN TRUST AND ITS SUBSIDIARIES

For The Fourth Quarter and Financial Year ended 31 March 2019

CONSOLIDATED STATEMENT OF CASH FLOWS

Group	Quarter ended		Financial Year ended	
	31 Mar 2019	31 Mar 2018	31 Mar 2019	31 Mar 2018 ^(a)
	S\$'000 (Unaudited)	(Restated) S\$'000 (Unaudited)	S\$'000 (Audited)	(Restated) S\$'000 (Audited)
Operating activities				
Profit before income tax	17,703	12,937	69,750	43,809
Adjustments for:				
- Depreciation and amortisation	40,743	40,306	160,792	111,811
- Amortisation of transaction fees	200	200	812	573
- (Write-back)/provision for loss allowance for trade receivables	(38)	84	(100)	(58)
- (Write-back)/provision for stock obsolescence	(15)	14	46	59
- Interest expense	4,671	4,257	18,314	11,607
- Interest income	(507)	(360)	(1,792)	(525)
- Gain on disposal of property, plant and equipment	(3)	-	(4)	(5)
- Property, plant and equipment written off	54	1,150	2,075	1,514
Operating cash flows before working capital changes	62,808	58,588	249,893	168,785
Changes in working capital:				
- Trade and other receivables	(5,540)	1,508	(7,303)	4,170
- Contract assets	(1,208)	204	(5,233)	12,275
- Trade and other payables	9,207	6,752	15,734	2,636
- Inventories	30	(259)	(895)	1,977
Cash generated from operations	65,297	66,793	252,196	189,843
Interest received	507	360	1,792	525
Interest paid	(4,660)	(4,220)	(18,285)	(20,407)
Income tax paid	(310)	(1,623)	(6,061)	(11,510)
Net cash from operating activities	60,834	61,310	229,642	158,451
Investing activities				
Acquisition of subsidiaries, net of cash	-	(2,722)	-	(1,095,044)
Purchase of property, plant and equipment	(14,042)	(23,674)	(71,100)	(212,181)
Proceeds from sale of property, plant and equipment	3	-	6	5
Net cash used in investing activities	(14,039)	(26,396)	(71,094)	(1,307,220)
Financing activities				
Repayment of Unitholder's loan	-	-	-	(1,100,477)
Proceeds from issuance of units, net of listing expenses	-	2,752	-	2,334,718
Payment of loan arrangement fee	(20)	(23)	(28)	(23)
Distribution paid	-	-	(221,348)	-
Proceeds from bank loans	-	-	45,000	81,000
Net cash (used in)/from financing activities	(20)	2,729	(176,376)	1,315,218
Net increase/(decrease) in cash and cash equivalents	46,775	37,643	(17,828)	166,449
Cash and cash equivalents at beginning of financial period	101,846	128,806	166,449	-
Cash and cash equivalents at end of financial period	148,621	166,449	148,621	166,449
Cash and cash equivalents consist of:				
Cash and bank balances	138,621	158,449	138,621	158,449
Capital expenditure reserve fund ^(b)	10,000	8,000	10,000	8,000
Cash and cash equivalents at end of financial period	148,621	166,449	148,621	166,449

(a) Please refer to the Note on page 6.

(b) Capex Reserve comprises monies set aside for at least 20% of capital expenditure reserve fund per year cumulating to S\$40 million over the five-year period from 1 Jan 2018 to 31 Dec 2022, to meet regulatory requirements from Info-communications Media Development Authority ("IMDA") or for any new network infrastructure projects that improve the capacity, technology, capability or resilience of NLT's network infrastructure. On a quarterly basis, NLT will set aside additional funds in the capital expenditure reserve on a pro-rata basis computed based on the yearly requirement of S\$8 million. As at 31 Mar 2019, NLT has set aside S\$10 million for the Capex Reserve.

NETLINK NBN TRUST AND ITS SUBSIDIARIES

For The Fourth Quarter and Financial Year ended 31 March 2019

SELECTED NOTES TO THE FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current quarter / financial year as those stated in 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 ended 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 ended 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 ended 31 Mar 2019.

2. OTHER INCOME

	Quarter ended		Financial Year ended	
	31 Mar 2019	31 Mar 2018	31 Mar 2019	31 Mar 2018 ^(a)
	S\$'000	S\$'000	S\$'000	S\$'000
Group	(Unaudited)	(Unaudited)	(Audited)	(Audited)
Net gain on disposal of property, plant and equipment	3	-	4	5
Interest income	507	360	1,792	525
Others ⁽¹⁾	582	365	1,662	991
	<u>1,092</u>	<u>725</u>	<u>3,458</u>	<u>1,521</u>

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

NETLINK NBN TRUST AND ITS SUBSIDIARIES

For The Fourth Quarter and Financial Year ended 31 March 2019

3. FINANCE COSTS

Group	Quarter ended		Financial Year ended	
	31 Mar 2019	31 Mar 2018	31 Mar 2019	31 Mar 2018 ^(a)
	S\$'000	S\$'000	S\$'000	S\$'000
	(Unaudited)	(Unaudited)	(Audited)	(Audited)
Interest expense on:				
- Bank loans	4,606	3,122	16,286	7,540
- Others	34	35	140	102
Financing related costs	352	390	1,484	1,235
Realised (gain)/loss on interest rate swaps	(121)	910	1,216	3,303
	<u>4,871</u>	<u>4,457</u>	<u>19,126</u>	<u>12,180</u>

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

Finance costs	4,871	4,457	19,126	12,180
Amortisation of transaction fees	(200)	(200)	(812)	(573)
Interest expense	<u>4,671</u>	<u>4,257</u>	<u>18,314</u>	<u>11,607</u>

4. OTHER OPERATING EXPENSES

The other operating expenses include the following items:

Group	Quarter ended		Financial Year ended	
	31 Mar 2019	31 Mar 2018	31 Mar 2019	31 Mar 2018 ^(a)
	S\$'000	S\$'000	S\$'000	S\$'000
	(Unaudited)	(Unaudited)	(Audited)	(Audited)
Property tax	4,098	4,062	16,438	11,276
System maintenance costs	1,781	2,234	8,656	6,233
(Write-back)/allowance of impairment for trade receivables	(38)	84	(100)	(58)
Property, plant and equipment written off	54	1,150	2,075	1,514
(Write-back)/provision for inventory obsolescence	(15)	14	46	59
	<u></u>	<u></u>	<u></u>	<u></u>

(a) Please refer to the Note on page 6.

NETLINK NBN TRUST AND ITS SUBSIDIARIES

For The Fourth Quarter and Financial Year ended 31 March 2019

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		Financial Year ended	
	31 Mar 2019	31 Mar 2018	31 Mar 2019	31 Mar 2018 ^(a)
	S\$'000	S\$'000	S\$'000	S\$'000
	(Unaudited)	(Unaudited)	(Audited)	(Audited)
Profit before income tax	17,703	12,937	69,750	43,809
Income tax expense calculated at a tax rate of 17%	(3,010)	(2,199)	(11,858)	(7,448)
Effect of:				
- Income not subject to taxation	-	-	18	18
- Expenses not deductible for tax purposes	(156)	(204)	(783)	(775)
- Tax relief	-	20	-	20
- Tax benefit on the tax exempted interest income derived from qualifying project debt securities [^]	4,842	4,841	19,635	13,771
- Over provision in prior year	1,039	15	662	400
- Others	(398)	(116)	(65)	155
Tax credit attributable to current period's profit	2,317	2,357	7,609	6,141

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

In Dec 2018, 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.

(a) Please refer to the Note on page 6.

NETLINK NBN TRUST AND ITS SUBSIDIARIES

For The Fourth Quarter and Financial Year ended 31 March 2019

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	Level 1	Level 2	Level 3	Total
31 Mar 2019				
(Audited)	S\$'000	S\$'000	S\$'000	S\$'000

Financial liabilities

Derivative financial instruments	-	780	-	780
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Group	Level 1	Level 2	Level 3	Total
31 Mar 2018				
(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 Mar 2019	Effective Average Interest rate	As at 31 Mar 2018
	(%)	S\$'000 (Audited)	(%)	S\$'000 (Audited)
Unsecured borrowings				
Repayable after one year				
- Bank loans (unsecured)	2.82	634,554	2.62	588,742

Committed revolving credit facility ("RCF") and term loan		Utilised As at 31 Mar 2019	Utilised As at 31 Mar 2018
Commencement Date	Terms	S\$'000 (Audited)	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	(1,446)	(2,258)
		634,554	588,742

8. UNITS IN ISSUE

	Number of units			
	Quarter ended		Financial Year ended	
	31 Mar 2019	31 Mar 2018	31 Mar 2019	31 Mar 2018 ^(a)
Group and Trust	(Unaudited)	(Unaudited)	(Audited)	(Audited)
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 6.

NETLINK NBN TRUST AND ITS SUBSIDIARIES

For The Fourth Quarter and Financial Year ended 31 March 2019

9. NET ASSET VALUE

	Group		Trust	
	As at 31 Mar 2019 Units (Audited)	As at 31 Mar 2018 Units (Audited)	As at 31 Mar 2019 Units (Audited)	As at 31 Mar 2018 Units (Audited)
NAV per unit based on issued units at the end of period (cents)	77.7	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 31 Mar 2019 S\$'000 (Audited)	As at 31 Mar 2018 S\$'000 (Audited)	As at 31 Mar 2019 S\$'000 (Audited)	As at 31 Mar 2018 S\$'000 (Audited)
Property, plant and equipment	38,811	41,759	-	-

NETLINK NBN TRUST AND ITS SUBSIDIARIES

For The Fourth Quarter and Financial Year ended 31 March 2019

11. SEGMENT INFORMATION

The chief operating decision maker has been determined as the Chief Executive Officer of the NetLink 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 NetLink 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 NetLink Group operates in one single business and geographical segment.

Breakdown of Revenue & Operating Profit for the first and second half periods were as follows:

	Financial Year		Increase %
	31 Mar 2019 S\$'000 (Unaudited)	31 Mar 2018 ^(a) S\$'000 (Unaudited)	
(a) Revenue reported for first half year	<u>176,706</u>	<u>64,755</u>	172.9
(b) Operating profit after tax reported for first half year	<u>37,709</u>	<u>12,986</u>	190.4
(c) Revenue reported for second half year	<u>176,874</u>	<u>163,832</u>	8.0
(d) Operating profit after tax reported for second half year	<u>39,650</u>	<u>36,964</u>	7.3

(a) Please refer to the Note on page 6.

NETLINK NBN TRUST AND ITS SUBSIDIARIES

For The Fourth Quarter and Financial Year ended 31 March 2019

12. RELATED PARTY TRANSACTIONS

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

	Quarter ended		Financial Year ended	
	31 Mar 2019	31 Mar 2018	31 Mar 2019	31 Mar 2018 ^(a)
	S\$'000	S\$'000	S\$'000	S\$'000
	(Unaudited)	(Unaudited)	(Audited)	(Audited)
Services rendered to a Unitholder	41,793	39,672	166,550	112,137
Services rendered to subsidiaries of a substantial shareholder of a Unitholder	25,452	21,683	94,698	61,987
Purchase of services from a Unitholder	1,272	1,895	6,241	5,014
Purchase of fixed assets from a Unitholder	8	5,038	10,609	150,910
Management fee paid or payable to Trustee-Manager of the Trust	291	298	982	948
Purchase of services from subsidiaries of a substantial shareholder of a Unitholder	977	498	3,760	1,082
Purchases of goods from subsidiaries of a Unitholder	684	1,165	4,227	2,453

(a) Please refer to the Note on page 6.

NETLINK NBN TRUST AND ITS SUBSIDIARIES

For The Fourth Quarter and Financial Year ended 31 March 2019

13. DISTRIBUTIONS

(a) Current financial period reported on

Amount	:	S\$95,086,095
Distribution Period	:	1 Oct 2018 to 31 Mar 2019
Distribution Rate	:	2.44 Singapore cents per unit
Tax Rate	:	Cash distributions to Unitholders are exempt from Singapore income tax.

(b) Date Payable : 3 Jun 2019

(c) Corresponding Period of the Immediately Preceding Financial Year

Amount	:	S\$126,261,864
Distribution Period	:	19 Jul 2017 to 31 Mar 2018 ^(a)
Distribution Rate	:	3.24 Singapore cents per unit
Tax Rate	:	Cash distributions to Unitholders are exempt 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 24 May 2019 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 24 May 2019 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 24 May 2019 will be entitled to the Distribution to be paid on 3 Jun 2019.

(a) Please refer to the Note on page 6.

NETLINK NBN TRUST AND ITS SUBSIDIARIES

For The Fourth Quarter and Financial Year ended 31 March 2019

14. OTHER INFORMATION

The statements of financial position as at 31 Mar 2019 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 financial year ended 31 Mar 2019 presented in this announcement have been audited in accordance with the Singapore Standard on Auditing (see auditor's report on [Page 27](#) of this announcement).

15. REVIEW OF PERFORMANCE VARIANCE

	Quarter ended			Financial Year ended		
	31 Mar 2019	31 Mar 2018	Variance	31 Mar 2019	31 Mar 2018 ^(a)	Variance
	S\$'000	S\$'000	(%)	S\$'000	S\$'000	(%)
	(Unaudited)	(Unaudited)		(Audited)	(Audited)	
Fibre business revenue:						
Residential connections	53,942	48,747	10.7	206,768	141,675	45.9
Non-residential connections	7,613	7,201	5.7	29,962	18,602	61.1
NBAP and Segment connections	1,834	1,711	7.2	6,909	5,603	23.3
Installation-related revenue	4,823	4,589	5.1	21,412	10,261	108.7
Diversion revenue	586	1,393	(57.9)	13,507	3,655	269.5
Co-location and Other revenue	5,191	4,709	10.2	20,155	14,250	41.4
Total Fibre Business Revenue	73,989	68,350	8.3	298,713	194,046	53.9
Ducts, manholes and Central Office revenue:						
Ducts and manholes service revenue	9,292	7,929	17.2	37,376	22,195	68.4
Central Office revenue	4,581	4,437	3.2	17,491	12,346	41.7
Total Ducts, Manholes and Central Office Revenue	13,873	12,366	12.2	54,867	34,541	58.8
Total Revenue	87,862	80,716	8.9	353,580	228,587	54.7

Q4 FY19 vs Q4 FY18

Revenue of S\$87.9 million for Q4 FY19 was 8.9% higher than Q4 FY18 mainly due to higher residential connections revenue and ducts and manholes service revenue. This was partially offset by lower diversion revenue.

Residential connections revenue increased by S\$5.2 million due mainly to the higher number of connections of 1,327,732 as at Mar 2019 as compared to 1,192,493 as at Mar 2018. 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. The decrease in diversion revenue of S\$0.8 million was due to fewer completed projects.

(a) Please refer to the Note on page 6.

NETLINK NBN TRUST AND ITS SUBSIDIARIES

For The Fourth Quarter and Financial Year ended 31 March 2019

Q4 FY19 vs Q4 FY18 (continued)

Total expenses for Q4 FY19 of S\$71.3 million were S\$2.7 million higher than Q4 FY18 mainly due to higher operation and maintenance costs and staff costs, partially offset by lower other operating expenses. Operation and maintenance costs were S\$1.9 million higher mainly due to costs incurred for joint-build projects (in line with higher ducts and manholes service revenue). Staff costs for Q4 FY19 were S\$2.3 million higher mainly due to lower capitalisation of staff costs as fewer projects relating to the new residential and non-residential units were completed in Q4 FY19 as compared to Q4 FY18. Other operating expenses were S\$2.1 million lower mainly due to higher fixed assets written off in Q4 FY18, lower IT maintenance costs and reversal of over-accruals for operating expenses.

The NetLink Group achieved a Profit After Tax of S\$20.0 million for Q4 FY19, which was 30.9% higher than Q4 FY18.

NETLINK NBN TRUST AND ITS SUBSIDIARIES

For The Fourth Quarter and Financial Year ended 31 March 2019

16. REVIEW OF PERFORMANCE VARIANCE BETWEEN ACTUAL AND PROJECTION

	Q4 FY19			Financial Year ended		
	Quarter ended 31 Mar 2019			31 Mar 2019		
	Actual	Projection	Variance	Actual	Projection	Variance
	S\$'000	S\$'000	(%)	S\$'000	S\$'000	(%)
	(Unaudited)	(Unaudited)		(Audited)	(Unaudited)	
Revenue	87,862	87,434	0.5	353,580	342,214	3.3
Other income	1,092	-	N.M	3,458	-	N.M
Expenses						
Operation and maintenance costs	(5,756)	(4,391)	31.1	(20,834)	(17,564)	18.6
Installation costs	(3,826)	(3,931)	(2.7)	(14,376)	(15,314)	(6.1)
Diversion costs	(255)	(600)	(57.5)	(9,152)	(2,400)	281.3
Depreciation & amortisation	(40,743)	(40,865)	(0.3)	(160,792)	(163,460)	(1.6)
Staff costs	(7,019)	(6,401)	9.7	(24,229)	(25,603)	(5.4)
Finance costs	(4,871)	(5,588)	(12.8)	(19,126)	(21,262)	(10.0)
Management fee	(291)	(242)	20.2	(982)	(967)	1.6
Other operating expenses	(8,490)	(10,046)	(15.5)	(37,797)	(40,188)	(5.9)
Total expenses	(71,251)	(72,064)	(1.1)	(287,288)	(286,758)	0.2
Profit before income tax	17,703	15,370	15.2	69,750	55,456	25.8
Income tax credit	2,317	2,558	(9.4)	7,609	10,233	(25.6)
Profit after income tax	20,020	17,928	11.7	77,359	65,689	17.8
Earnings per unit	0.51 cents	0.46 cents		1.99 cents	1.69 cents	

N.M. = not meaningful.

NETLINK NBN TRUST AND ITS SUBSIDIARIES

For The Fourth Quarter and Financial Year ended 31 March 2019

	Q4 FY19			Financial Year ended		
	Quarter ended 31 Mar 2019		Variance	31 Mar 2019		Variance
	Actual	Projection		Actual	Projection	
	S\$'000 (Unaudited)	S\$'000 (Unaudited)	(%)	S\$'000 (Audited)	S\$'000 (Unaudited)	(%)
Fibre business revenue:						
Residential connections	53,942	52,383	3.0	206,768	203,556	1.6
Non-residential connections	7,613	7,458	2.1	29,962	29,390	1.9
NBAP and Segment connections	1,834	1,576	16.4	6,909	6,304	9.6
Installation-related revenue	4,823	7,616	(36.7)	21,412	29,833	(28.2)
Diversion revenue	586	800	(26.8)	13,507	3,200	N.M.
Co-location and Other revenue	5,191	5,565	(6.7)	20,155	21,786	(7.5)
Total Fibre Business Revenue	73,989	75,398	(1.9)	298,713	294,069	1.6
Ducts, manholes and Central Office revenue:						
Ducts and manholes service revenue	9,292	7,767	19.6	37,376	31,068	20.3
Central Office revenue	4,581	4,269	7.3	17,491	17,077	2.4
Total Ducts, Manholes and Central Office Revenue	13,873	12,036	15.3	54,867	48,145	14.0
Total Revenue	87,862	87,434	0.5	353,580	342,214	3.3

N.M. = not meaningful.

Q4 FY19

Revenue for Q4 FY19 of S\$87.9 million was in line with the projection. While the residential connections revenue and ducts and manholes service revenue were higher than the projection, installation-related revenue was lower. Residential connections revenue increased by S\$1.6 million due to the higher number of connections of 1,327,732 as at Mar 2019 as compared to projection of 1,278,260. The higher ducts and manholes service revenue of S\$1.5 million was mainly due to recovery of costs for ducts and manholes joint-build projects. The lower installation-related revenue of \$2.8 million was mainly due to: (a) some RLs undertaking the installation on their own for NBAP and Non-Residential connections supplied by the NetLink Group and (b) the deferral of revenue from service activation charges (which came into effect on 1 Jan 2018) due to service obligations that have yet to be performed.

Total expenses for Q4 FY19 of S\$71.3 million were S\$0.8 million lower than projection mainly due to lower finance costs and other operating expenses partially offset by higher operation and maintenance costs. Finance costs were less than projection by S\$0.7 million due to lower debt drawdown as a result of stronger operational cash flow. Other operating expenses were S\$1.6 million lower mainly due to lower IT maintenance costs, lower professional fees and reversal of over-accruals for operating expenses. Operation and maintenance costs was S\$1.4 million higher than projection mainly due to higher cost incurred for joint-build projects (in line with higher ducts and manhole service revenue).

Income tax credit was lower by S\$0.2 million due to higher taxable profits than projected. The NetLink Group achieved a Profit After Tax of S\$20.0 million for Q4 FY19, which was 11.7% higher than projection.

NETLINK NBN TRUST AND ITS SUBSIDIARIES

For The Fourth Quarter and Financial Year ended 31 March 2019

FY19

Revenue of S\$353.6 million for the financial year ended 31 Mar 2019 was 3.3% higher than the projection mainly due to higher residential connections revenue, diversion revenue, and ducts and manholes service revenue. This was partially offset by the lower than projected installation-related revenue. For FY19, revenue from residential connections and non-residential connections, which together accounted for approximately 67% of the total revenue, have performed well and were 1.6% and 1.9% above projection respectively. Residential connections revenue increased by S\$3.2 million due to the higher number of connections of 1,327,732 achieved as at Mar 2019 as compared to projection 1,278,260. The increase in diversion revenue of S\$10.3 million was due to the recognition of revenue from completed projects mainly for government agencies. The higher ducts and manholes service revenue of S\$6.3 million was mainly due to recovery of costs for ducts and manholes joint-build projects. The lower installation revenue of S\$8.4 million was mainly due to: (a) some RLs undertaking the installation on their own for NBAP & Non-Residential connections supplied by the NetLink Group and (b) the deferral of revenue from service activation charges (which came into effect on 1 Jan 2018) due to service obligations that have yet to be performed.

Total expenses for the financial year ended 31 Mar 2019 of S\$287.3 million were S\$0.5 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\$0.9 million lower, in line with lower installation revenue. Depreciation and amortisation expenses were S\$2.7 million lower following the finalisation of purchase price allocation for the acquisition of NLT at IPO. Staff costs for the financial year ended 31 Mar 2019 were S\$1.4 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\$2.1 million due to lower debt drawdown as a result of stronger operational cash flow. Other operating expenses were S\$2.4 million lower mainly due to lower IT maintenance costs and professional fees.

Income tax credit was lower by S\$2.6 million due to higher taxable profits than projected. The NetLink Group achieved a Profit After Tax of S\$77.4 million for the financial year ended 31 Mar 2019, which was 17.8% higher than projection.

REVIEW OF PERFORMANCE - STATEMENTS OF FINANCIAL POSITION

The Group reported total assets as at 31 Mar 2019 of S\$4,281.8 million, S\$95.3 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 and property, plant and equipment.

The Group reported total liabilities as at 31 Mar 2019 of S\$1,251.9 million, S\$49.2 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\$3,029.9 million as at 31 Mar 2019, lower than S\$3,174.4 million as at 31 Mar 2018 mainly due to distributions paid, partially offset by profit recognised for the financial year ended 31 Mar 2019.

NETLINK NBN TRUST AND ITS SUBSIDIARIES

For The Fourth Quarter and Financial Year ended 31 March 2019

17. OUTLOOK AND PROSPECT

The NetLink Group is the only telco regulated by IMDA under the Regulated Asset Base (“RAB”) regime which allows NetLink to recover the cost of investment, operating expenditure and earn a regulated rate of return for its fibre network assets. About 80% of revenue is derived from RAB-regulated assets, while the remaining 20% is contributed by the provision of other services and rental of space either at regulated rates or under long-term contracts. The NetLink Group’s resilient business model is expected to provide recurring and predictable cashflows to support distributions to Unitholders.

For FY20, the NetLink Group expects revenues from key connection services to be higher than that of FY19 mainly due to higher residential connections and installation-related revenues. The NetLink Group will continue to invest to expand its network and will also utilise Capex Reserve on projects that will improve the network’s capability and resiliency. Therefore, the NetLink Group expects capital expenditure in FY20 to be higher than that of FY19.

The NetLink Group is continuing to expand its network in new housing estates. The NetLink Group has also been working proactively with the Requesting Licensees (“RLs”) (who provide fibre services to Retail Service Providers that in turn provide retail fibre services to end-users) to anticipate future demand for Non-Residential and NBAP connections, and to support the RLs’ efforts to acquire new Non-Residential and NBAP customers. With its extensive nationwide fibre network, the NetLink 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 NetLink Group is monitoring the development of the 5G network in Singapore and will explore opportunities associated with the new market development.

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	<i>Aggregate value of all IPTs during the financial period under review (excluding transactions of less than S\$100,000)</i>	
	Quarter ended 31 Mar 2019 S\$'000	Financial Year ended 31 Mar 2019 S\$'000
NetLink NBN Management Pte. Ltd.	(Unaudited)	(Unaudited)
- Management fees	225	900
- Reimbursement of expenses	66	82

NETLINK NBN TRUST AND ITS SUBSIDIARIES

For The Fourth Quarter and Financial Year ended 31 March 2019

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.

20. REPORT OF PERSONS OCCUPYING MANAGERIAL POSITIONS WHO ARE RELATED TO A DIRECTOR, CEO OR SUBSTANTIAL UNITHOLDER

Pursuant to Rule 704(13) of the Listing Manual of the Singapore Exchange Securities Trading Limited, we confirm that none of the persons occupying managerial positions in the Trust or any of its subsidiaries is a relative of a director or chief executive officer or substantial unitholder of the Trust.

NETLINK NBN TRUST AND ITS SUBSIDIARIES

For The Fourth Quarter and Financial Year ended 31 March 2019

The auditor's report on the full financial statements of NetLink NBN Trust for the financial year ended 31 March 2019 is as follows:

**“INDEPENDENT AUDITOR’S REPORT
TO THE UNITHOLDERS OF NETLINK NBN TRUST
For the financial year ended 31 March 2019**

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of NetLink NBN Trust (the “Trust”) and its subsidiaries (the “Group”) which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Trust as at 31 March 2019, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in Unitholders’ funds and consolidated statement of cash flows of the Group and the statement of changes in Unitholders’ funds of the Trust for the financial year ended 31 March 2019, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in Unitholders’ funds of the Trust are properly drawn up in accordance with the provisions of the Business Trust Act, Chapter 31A of Singapore (the “Act”) and Singapore Financial Reporting Standards (International) (“SFRS(I)”) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Trust as at 31 March 2019, and of the consolidated financial performance, consolidated changes in Unitholders’ funds and consolidated cash flows of the Group and changes in Unitholders’ funds of the Trust for the financial year ended 31 March 2019.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing (“SSAs”). Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (“ACRA Code”) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

NETLINK NBN TRUST AND ITS SUBSIDIARIES

For The Fourth Quarter and Financial Year ended 31 March 2019

Key Audit Matters

Our audit performed and responses thereon

Goodwill Impairment Review

Under SFRS(1) 1-36 *Impairment of Assets*, the Group is required to test goodwill for impairment at least annually or earlier when there is indication of impairment. This assessment requires the exercise of significant judgement about future market conditions, including discount and long-term growth rates.

As at 31 March 2019, goodwill recorded on acquisition of NetLink amounted to \$746.9 million, constituting approximately 17% of the Group's total assets.

The key assumptions to the impairment test and the sensitivity of changes in these assumptions to the risk of impairment are disclosed in Note 20 to the financial statements.

We involved our valuation specialists to develop an independent view of the key assumptions driving the value-in-use calculation, in particular the discount and long-term growth rates, and comparing the independent expectations to those used by management.

We challenged the cash flow forecasts used by management, with comparison to recent performance and trend analysis.

We also assessed and validated the adequacy and appropriateness of the disclosures made in the financial statements.

Based on our procedures, we noted management's key assumptions to be within a reasonable range of our expectations, and the disclosures made in the financial statements are adequate and appropriate.

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Information other than the financial statements and auditor's report thereon

The Trustee-Manager is responsible for the other information. The other information comprises all the information included in the Annual Report, excluding the financial statements and our auditor's report thereon. The other information is expected to be made available to us after the date of our auditor's report on the financial statements.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with SSAs.

Responsibilities of the Trustee-Manager and Directors of the Trustee-Manager for the Financial Statements

The Trustee-Manager is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, the Trustee-Manager is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors of the Trustee-Manager's responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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- Conclude on the appropriateness of Trustee-Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors of the Trustee-Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors of the Trustee-Manager with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors of the Trustee-Manager, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Trustee-Manager of the Trust have been properly kept in accordance with provisions of the Act.

The engagement partner on the audit resulting in this Independent Auditor's Report is Mr Yang Chi Chih.

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

13 May 2019"